

# CITY OF BANGOR, MAINE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR JUNE 30, 2006



In recognition  
and appreciation  
of the Volunteer  
Troop Greeters  
at Bangor  
International  
Airport





**CITY OF BANGOR, MAINE**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2006**

Prepared by:

Debbie Cyr, Finance Director

David Little, Tax Collector/Deputy Treasurer

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**Comprehensive Annual Financial Report**  
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# **INTRODUCTORY SECTION**



December 18, 2006

To the Honorable Chairman,  
Members of the Bangor City Council, and  
Citizens of Bangor

In accordance with the requirements of both our City Charter and state statutes, the comprehensive annual financial report of the City of Bangor for the fiscal year ended June 30, 2006 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Bangor. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Bangor on a government wide and fund basis.

The City is responsible for establishing and maintaining an internal control framework designed to ensure that the assets of the City are protected from loss, theft, and misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The City's financial statements have been audited by Runyon, Kersteen, Ouellette. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's unqualified opinion is presented as the first component of the financial section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, findings, questioned costs, recommendations, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in a separately issued single audit report.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

### **Profile of the Government**

The City of Bangor is situated in eastern Maine, is the Penobscot County seat, and is the third most populous of Maine's 22 cities. The City occupies approximately 35 square miles on the western shore of the Penobscot River. Bangor was first settled in 1656, incorporated as a town on February 25, 1791 and as a city on February 12, 1834. Bangor has become a major trade, distribution, service, and commercial center for the central, eastern, and northern portions of the State.

The City operates under a Charter adopted in 1931 that provides for a Council-Manager form of government. The City Council is composed of nine members who are elected at large for three-year staggered terms. The Charter grants to the Council all powers to enact, amend, or repeal rules, ordinances, and resolutions relating to the City's property, affairs, and government; to preserve the public peace, health, and safety; to establish personnel policies; to give effect to any vote of the City; and to authorize the issuance of debt. The Council adopts an annual budget and provides for an annual audit. The City Manager is the chief administrative officer of the City and is appointed by the Council, as are the Assessor, Solicitor, and Clerk. The current City Manager has been in his position since 1988.

The City's schools are governed by a seven-member School Committee. Its members are elected at large to staggered three-year terms. By Charter, the School Committee has all the powers and performs all the duties related to the care and management of the public schools of the City. The Committee annually furnishes to the City Council an estimate of sums required for school purposes for the ensuing municipal year. The City Council makes a single gross



appropriation for this purpose with the expenditure of this appropriation under the direction and control of the School Committee. The School Committee employs the Superintendent of Schools as its chief operating officer. The current Superintendent has been in his position since July 2000.

The City provides a full range of municipal services including police and fire, highways and sanitation, health and welfare, parks and recreation, education, public transportation, planning, business and economic development, code enforcement, and general administrative services. Bangor International Airport, sanitary sewer services, the Bass Park Complex, parking, golf course, economic development, and a transitional housing complex are accounted for in the City's Enterprise Funds.

The City's budgeting process is structured around its fiscal year, which begins on July 1st and ends on the following June 30th. The City annually adopts budgets for its general fund and seven enterprise funds. The City Charter requires that the City Manager submit a recommended budget to the Council by the second Monday in April. The budget, which must be in balance, contains estimates of all non-tax revenues and receipts expected to be received during the next fiscal year, the expenditures necessary to support City operations, debt service requirements, and the tax levy required to achieve balance between revenues and expenditures. The Council may modify recommended expenditures and the recommended tax levy. If the Council fails to adopt a budget by July 1st, the City Manager's proposed budget automatically becomes that fiscal year's budget. In either case, an appropriate property tax levy is established and filed with the City Assessor who then sets the necessary property tax rate.

The annual budget serves as the foundation for the City's financial planning and control and is prepared by fund, function, and department. The City Manager may transfer resources within a department; however, transfers between departments require Council action.

Special Revenue Funds do not have legally adopted budgets but have program budgets. Budgetary controls are maintained on other governmental funds through formal authorizations by the City Council and through grant agreements. All budgets are legally adopted by the City Council through the passage of an appropriation resolve.

### **Factors Affecting Financial Condition**

**Local economy.** The City is the economic, educational, recreational, distribution, and health care center for the central, eastern, and northern Maine regions. Bangor also serves as northern New England's economic link to the Canadian Maritimes and Eastern Quebec. The City is a major center for the

communication, banking, commercial, industrial, healthcare, and governmental sectors of the State.

Bangor has a stable and varied economic base. Major employers include a diversified mix of health care, educational, professional, retail, manufacturing, and governmental entities. Bangor's 2005 unemployment rate of 4.7% continues to be below both county and state rates of 5.1%, 4.8%, respectively.

Bangor is the second largest retail market in Maine after Portland. The Bangor Mall, Airport Mall, Broadway commercial center, Union Street commercial corridor, and the Bangor Center Development District (downtown) have long established Bangor as the regional hub of the eight-county eastern Maine retail market. Bangor's retail sector serves an extensive geographic area ranging from eastern Maine to the Canadian Maritimes with a population exceeding 3.1 million. With less than three percent of the State's population, Bangor's share of the State's retail sales has remained in excess of 9% since 1999. Over the same period, Bangor's share of County sales has grown significantly to approximately 74%.

Further evidence of continuing sustained growth is the change in the City's assessed value of real and personal property, which from 1991 to 2000 averaged 2.47% and in the last 6 years has averaged 6.58% per annum. Tax base growth, the City's focus on controlling budgetary growth, and ramped up state funding of education costs in accordance with State Statute has resulted in a reduction in the City's tax rate of 10.9% from 1997 to 2006.

The City is committed to preserving its viable economic base while creating new opportunities for future economic growth. To achieve these objectives, the City is proactive in supporting economic activity through planned capital improvements, innovative financing, and aggressive marketing.

**Long-term financial planning and major initiatives.** Unreserved, undesignated fund balance in the general fund as of June 30, 2006 was 9.78% of the expenditures, net of debt service. By Charter the City is required to maintain a balance between 5% and 10%, the Council has determined that a reasonable target is 7.5%.

The City prepares a five-year capital plan that is updated at least biannually as part of the overall budget process. The plan identifies all anticipated capital investments as well as potential funding sources.

The City is nearing completion of the construction of a new police station. The current station was built in 1940 and has significant structural issues. It is anticipated that this project will cost approximately \$8 million. Through the relocation of the station, two additional goals will be achieved: improved police



visibility and the provision of additional space adjacent to the Penobscot County offices to allow for its future expansion.

Progress continues in the redevelopment of almost a mile of prime Penobscot River frontage extending from the City's downtown area to the Bass Park Complex. A majority of the infrastructure has been completed, for which the City has been successful in obtaining partial funding from both State and Federal agencies. Current plans call for some \$180 million in development including: a headquarters hotel and high-technology conference center, new class A office space, restaurant and retail space, residential apartments and condominiums, and other private sector projects.

The City has entered into a development agreement with Bangor Historic Track, a wholly owned subsidiary of Penn National Gaming, to redevelop Bangor Raceway and a portion of the surrounding Bass Park property. Penn National Gaming opened a temporary gaming facility containing 475 slot machines in November 2005 and anticipates breaking ground for the permanent facility in 2006. Under the agreement, the City will receive a percentage of gross slot revenue as well as land lease payments and property taxes on new development. In October 2005, the City established a special revenue fund to account for all such payments. In addition, the Council Order specifies that the primary use of the funds received will be to construct a new arena in Bangor to replace the Bangor Auditorium which opened in Bass Park in 1954.

Over the years, the City has invested significant resources and effort into improving our local environment and protecting our natural resources. In recent years, the City has performed environmental remediation work on the waterfront, a former gas works site, and a former laundry/dry cleaning establishment, and undertaken significant sewer system improvements and a project to direct all de-icing fluid used at Bangor International Airport directly to the treatment plant. In addition, the City continues to acquire property to expand the City forest as both an open space element and in an effort to protect wetlands and watersheds in the Bangor Mall area. During the past year, the City added a position to specifically address environmental compliance and training issues. The City also worked with all interested parties to resolve land use issues related to the Penjajawoc Marsh area adjacent to the Bangor Mall.

**Awards and Acknowledgements.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bangor for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the ninth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual

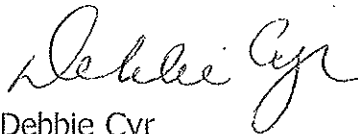
financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA for consideration for another certificate.

The preparation of this document would not have been possible without the hard work of all of the City's employees. Each one contributes on a daily basis, simply by carrying out the responsibilities of their positions.

Our sincerest thanks are once again extended to our Citizens and the Bangor City Council for their continued support for our efforts to further develop the City's financial management and reporting capabilities. We hope that we have once again met their expectations.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Debbie Cyr". The signature is fluid and cursive, with the first name "Debbie" written in a larger, more prominent script than the last name "Cyr".

Debbie Cyr  
Finance Director



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bangor  
Maine

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

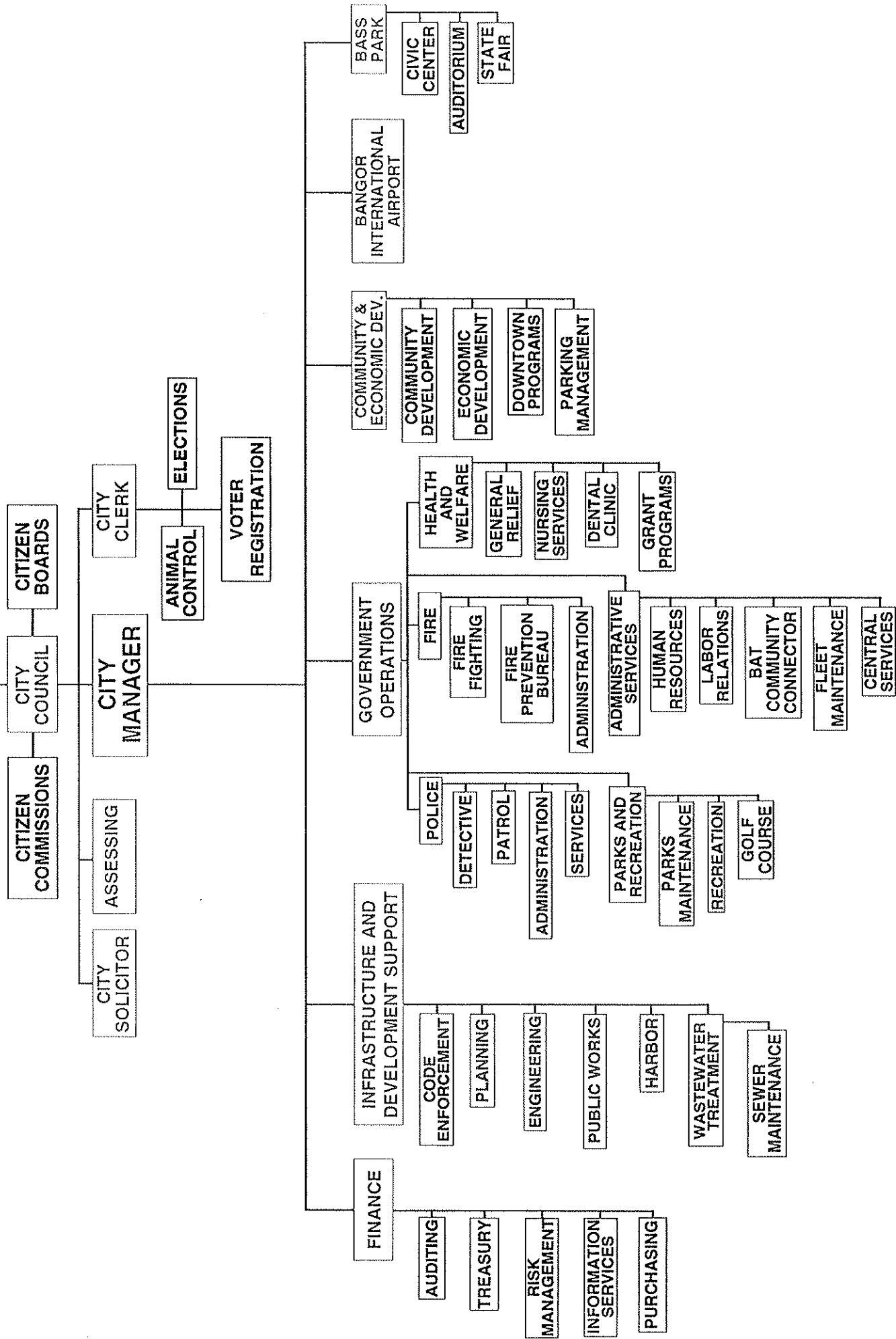


*Carla E. Perry*

President

*Jeffrey R. Emen*

Executive Director



**City of Bangor, Maine  
Elected Officials and Principal Administrative Officers  
June 30, 2006**

**City Council**

John H. Cashwell, Mayor

Anne E. Allen  
Frank J. Farrington  
Richard D. Greene  
Gerry G.M. Palmer

Peter R. D'Errico  
Geoffrey M. Gratwick  
Susan M. Hawes  
Richard I. Stone

**City Staff**

Edward A. Barrett, City Manager  
Benjamin F. Birch, City Assessor  
Patti Dubois, City Clerk  
Norman Heitmann, City Solicitor

**School Committee**

Martha G. Newman, Chair

Susan A. Carlisle  
Phyllis S. Guerette  
Christine Szal

James Cox  
Phyllis M. Shubert, Vice Chair  
Ellen Tobin

**School Staff**

Robert Ervin, Superintendent of Schools



# **FINANCIAL SECTION**

## Independent Auditor's Report

City Council  
City of Bangor, Maine

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bangor, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of June 30, 2006, and respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006, on our consideration of the City of Bangor, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bangor, Maine's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Remy Kusteen Ouellette". The signature is written in a cursive style with a large initial 'R'.

October 6, 2006  
South Portland, Maine



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Bangor offers this narrative overview and analysis of the financial activities of the City of Bangor for the fiscal year ended June 30, 2006. In addition to comparative information from the government-wide statements, comparative data is presented on key information from the fund financial statements. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages I-1 to I-6 of this report.

### Financial Highlights

- The assets of the City of Bangor exceeded its liabilities at the close of the most recent fiscal year by \$199.2 million (net assets).
- As of the close of the current fiscal year, the City of Bangor's governmental funds reported combined ending fund balances of \$20.3 million, a decrease of \$1.0 million in comparison with the prior year. The decrease in fund balance is due to a reduction in unexpended bonds proceeds available within the Capital Projects Fund. Approximately 70% of the total amount, or \$14.3 million is available for spending at the City's discretion (unreserved fund balance).
- The City of Bangor has a fund balance policy. The City strives to maintain a general fund unreserved/undesignated fund balance of 5% to 10% of current expenditures less debt service. At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$7.4 million, or 9.8% of the general fund expenditure base. The annual calculation is included within the financial statements as Schedule F-2.
- The total liabilities of the City's governmental and enterprise funds decreased by \$2.3 million (15.6%) and \$2.9 million (5.3%), respectively. The change in governmental fund liabilities is due to a decrease in interfund loans payable of \$2.2 million, which reflects a timing issue associated with a decrease in intergovernmental receivables. The decrease in enterprise fund liabilities is due to principal repayments exceeding new debt issued by \$1.0 million and a decrease of \$2.0 million in accounts payable due to the timing of invoices received in the prior year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bangor's basic financial statements. These statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements present the financial picture of the City from the point of view of economic resources measurement and using the accrual basis of accounting, which is similar to that used by private-sector companies. These statements present governmental activities and business type activities separately.

The statement of net assets includes all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused employee vacation leaves).

These statements are divided into two categories: governmental activities and business-type activities.

- Governmental activities – Most of the City's basic services are included here, such as the general government, public safety, public works, health and welfare, education, and parks and recreation. These activities are principally supported by taxes and intergovernmental revenues.
- Business-type activities – Currently, the City operates the following business-type activities: Bangor International Airport, Sewer Utility, the Bass Park Complex, Parking, Golf Course, Economic Development, and the Park Woods Complex.

The government-wide financial statements can be found on pages II-15 to II-16 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bangor, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

The City of Bangor maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community development block grant, racino fund, and capital projects fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Schedule B) elsewhere in this report.

The City of Bangor adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget (Schedule A-2).

- Proprietary funds are used to account for essentially the same functions reported as business-type activities in the government-wide financial statements. Enterprise funds are the only type of proprietary funds maintained by the City. The proprietary fund statements provide the same type of information as the government-wide statements, only in more detail.

The City maintains seven individual proprietary funds, all of which are considered to be major.

The City of Bangor adopts annual budgets for all of its proprietary funds. Budgetary comparison statements have been provided for each proprietary fund to demonstrate compliance with budget (Schedule C1 – C7).

- Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Its' statement of net assets is included in this report as Exhibit 10.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages II-27 through II-49 of this report.



## Government-wide Financial Analysis

The following is a condensed version of the Statement of Net Assets.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Current & other assets	32,384,087	33,494,057	27,683,760	33,140,730	60,067,847	66,634,787
Capital assets, net	<u>71,620,583</u>	<u>67,242,532</u>	<u>192,561,963</u>	<u>191,578,046</u>	<u>264,182,546</u>	<u>258,820,578</u>
Total assets	104,004,670	100,736,589	220,245,723	224,718,776	324,250,393	325,455,365
Long-term debt outstanding	64,772,239	63,316,604	46,788,985	47,682,467	111,561,224	110,999,071
Other liabilities	<u>11,051,573</u>	<u>10,923,005</u>	<u>2,389,888</u>	<u>4,359,887</u>	<u>13,441,461</u>	<u>15,282,892</u>
Total liabilities	75,823,812	74,239,609	49,178,873	52,042,354	125,002,685	126,281,963
Net assets:						
Invested in:						
Capital assets, net of related debt	44,381,677	41,904,750	153,375,606	150,851,663	197,757,283	192,756,413
Restricted *	1,002,525	1,015,918	-	-	1,002,525	1,015,918
Unrestricted *	<u>(17,203,344)</u>	<u>(16,423,688)</u>	<u>17,691,244</u>	<u>21,824,759</u>	<u>487,900</u>	<u>5,401,071</u>
Total net assets	28,180,858	26,496,980	171,066,850	172,676,422	199,247,708	199,173,402

\* Certain amounts in 2005 have been reclassified to conform with 2006 presentation

By far the largest portion of the City's net assets (99% or \$197.7 million) reflects its investment in capital assets (i.e. land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to satisfy these liabilities. Restricted net assets are those resources that are subject to external restrictions on how they may be used. While the remaining balance of unrestricted net assets is approximately \$500 thousand, the governmental activity portion shows a deficit of \$17.2 million. This is primarily due to \$27.7 million in outstanding pension obligation bonds. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, as well as for most of its separate governmental and business-type activities with the exception of the unrestricted governmental activities net assets. The same situation held true for the prior fiscal year.

While total net assets remain relatively unchanged, there was a reversal of balances between governmental and business-type activities. The decrease in business type activities is directly related to the cyclical nature of capital grants received while the increase in governmental activities is due to actual revenue outpacing estimates specifically in the areas of excise tax, state revenue sharing, and ambulance fees, combined with the introduction of the new racino fund.

## Changes in Net Assets

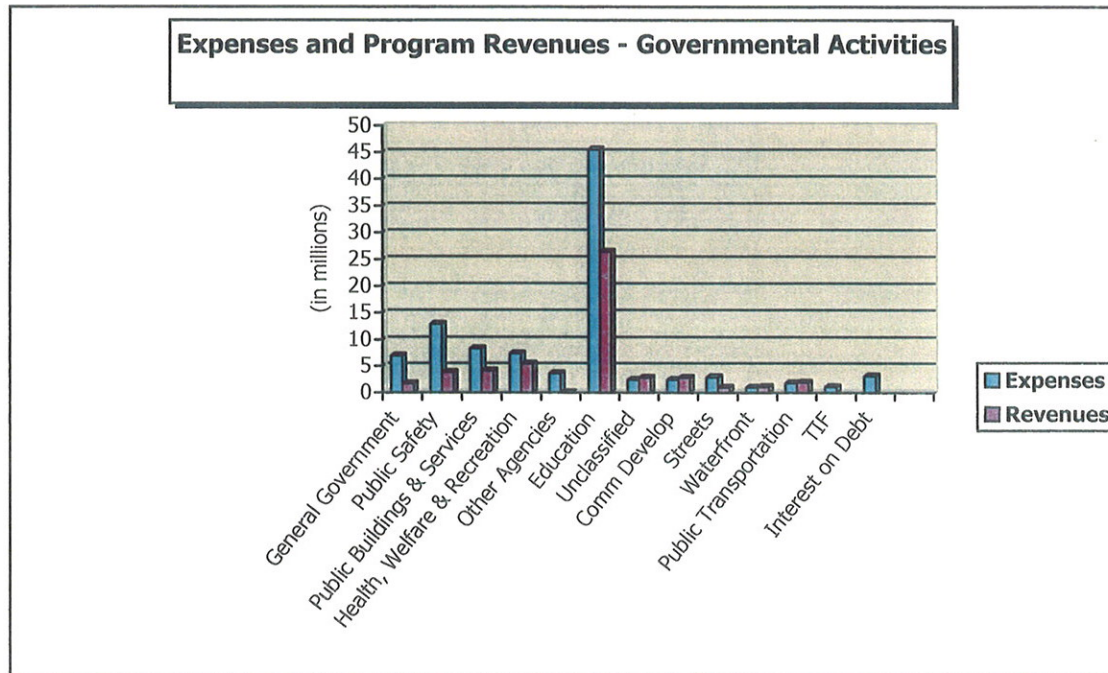
The following is a condensed version of the Statement of Activities.

(\*Certain amounts within 2005 have been reclassified to conform with 2006 presentation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005*</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>						
Program Revenues						
Charges for services	15,607,246	13,444,768	21,989,212	21,011,412	37,596,458	34,456,180
Operating grants & contributions	29,577,430	25,899,908	-	-	29,577,430	25,899,908
Capital grants & contributions	3,788,485	4,117,072	2,581,874	7,749,367	6,370,359	11,866,439
General Revenues						
Property and other taxes	45,855,053	45,113,317	-	-	45,855,053	45,113,317
Grants and contributions not Restricted to specific programs	4,773,082	4,487,931	-	-	4,773,082	4,487,931
Other	731,967	999,634	635,454	895,064	1,367,421	1,894,698
Total Revenues	100,333,263	94,062,630	25,206,540	29,655,843	125,539,803	123,718,473
<b>Expenses</b>						
General government	6,947,106	6,435,386	-	-	6,947,106	6,435,386
Public safety	12,890,750	12,586,696	-	-	12,890,750	12,586,696
Health, welfare and recreation	7,301,546	6,578,783	-	-	7,301,546	6,578,783
Public buildings and services	8,256,266	7,638,558	-	-	8,256,266	7,638,558
Other agencies	3,610,935	3,514,658	-	-	3,610,935	3,514,658
Education	45,522,795	43,065,873	-	-	45,522,795	43,065,873
Unclassified	947,025	190,840	-	-	947,025	190,840
Community development	2,419,594	2,107,037	-	-	2,419,594	2,107,037
Streets/sidewalks	2,911,131	-	-	-	2,911,131	-
Waterfront	990,961	1,041,239	-	-	990,961	1,041,239
Public transportation	1,798,968	1,391,962	-	-	1,798,968	1,391,962
Interest on debt	3,098,248	3,166,250	-	-	3,098,248	3,166,250
Tax increment financing	1,092,770	1,212,951	-	-	1,092,770	1,212,951
Sewer Utility	-	-	5,818,127	5,859,588	5,818,127	5,859,588
Airport	-	-	16,947,056	16,368,681	16,947,056	16,368,681
Park Woods	-	-	540,207	598,854	540,207	598,854
Parking	-	-	1,322,138	1,425,508	1,322,138	1,425,508
Bass Park	-	-	1,918,111	1,889,215	1,918,111	1,889,215
Municipal Golf Course	-	-	647,499	592,323	647,499	592,323
Economic Development	-	-	484,264	397,881	484,264	397,881
Total Expenses	97,788,095	88,930,233	27,677,402	27,132,050	125,465,497	116,062,283
Excess (deficiency) before transfers	2,545,168	5,219,103	(2,470,862)	2,523,793	74,306	7,742,896
Transfers	(861,290)	(837,806)	861,290	837,806	-	-
<b>Change in net assets</b>	<b>1,683,878</b>	<b>4,381,297</b>	<b>(1,609,572)</b>	<b>3,361,599</b>	<b>74,306</b>	<b>7,742,896</b>

## Governmental Activities

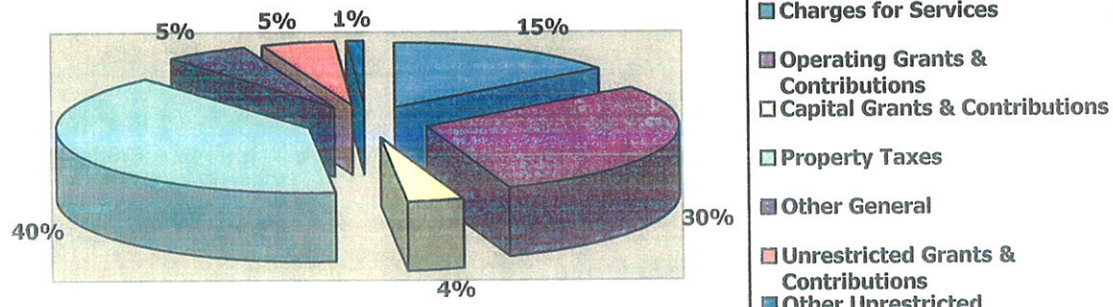
The cost of all governmental activities was \$97.8 million. As shown on the Statement of Activities, the total amount financed by the City's property taxpayers was \$40.7, million or 41.6%. Those who directly benefit an activity provided \$15.6 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$29.6 million. Capital grants and contributions accounted for \$3.8 million. The City also received \$10.7 million in other general revenues such as State Revenue Sharing, motor vehicle and boat excise taxes, homestead exemptions, and interest earnings.



Total governmental activities expenses increased 10% over the prior year. The largest single increase was in streets/sidewalks, which reflects the expensing of a number of projects work completed with local and state funding. In addition, Education expenses increased by \$2.5 million, or 5.8%, which can be attributed to increased wage, health insurance, and utility costs. Other governmental functions experienced a 2% cost of living wage adjustment, a 12% increase in health insurance premiums, and an 18% increase in utility costs (fuel oil, vehicle fuel, electricity).



### Revenues by Source - Governmental Activities

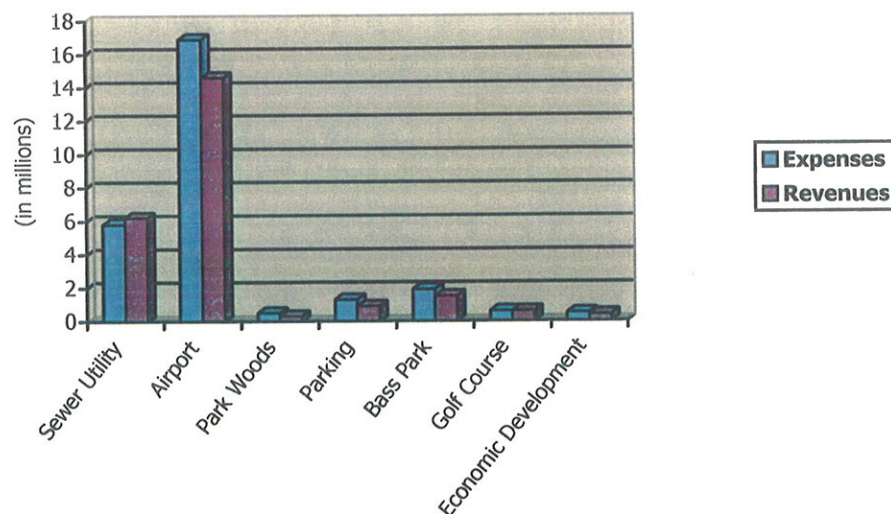


Total governmental activities revenues increased 6.7%. While the largest single source of revenue continues to be the property tax, it has decreased from 43% of total revenue in 2005 to 40% in 2006. Revenue resulting from services provided increases in two specific areas, ambulance fees and the newly created racino fund. However, the largest area of revenue growth is within the intergovernmental category. In 2006, the City received an additional \$2 million in funding from the State as a result of the implementation of the Essential Program and Services Model for educational funding. The City was also the recipient of nearly \$1 million in additional grant funds in support of health & welfare and public transportation related functions.

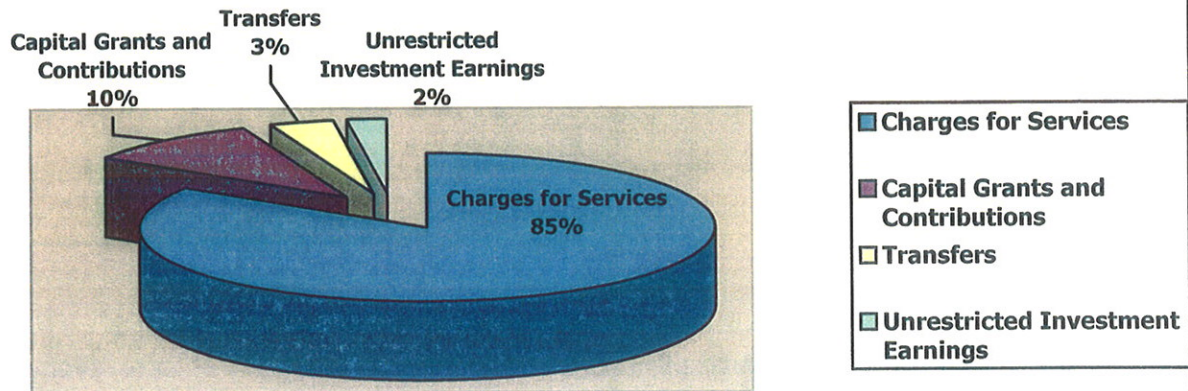
### Business-type Activities

Total expenses of business-type activities were virtually unchanged from the prior year, increasing a modest .2%, while absorbing expenditure increases similar to those seen in governmental activities. This smaller increase reflects the less labor intensive nature of these functions. Total net assets decreased by \$1.6 million.

### Expenses and Program Revenues - Business-type Activities



### Revenues by Source - Business-type Activities



The revenues of total business-type activities decreased by \$4.4 million. This decrease is attributable to an anticipated decrease in capital grants, and a reduction in the market value of investments. The source of funding for Airport capital projects is cyclical in nature. In one year, the majority may be provided by grants while the following year's may be primarily supported through local sources such as passenger facility charges previously collected by the Airport.

### Financial Analysis of the Government's Funds

**Governmental funds.** The focus of the City's governmental funds reporting is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

At fiscal year end, the City of Bangor's governmental funds reported combined ending fund balances of \$20.3 million, a reduction over the prior year's balance of \$21.3 million. Approximately 70% of this total (\$14.3 million) constitutes unreserved fund balance that is available for spending at the City's discretion. The remainder is reserved, indicating that it is not available for new spending because it has already been committed for various purposes including liquidating prior period contracts and purchase orders (\$3.9 million), reserving for potential non-repayment of interfund balances (\$1.4 million), or set aside for a variety of other restricted purposes (\$0.7 million).

The general fund is the chief operating fund of the City and is comprised of two major functions, education and municipal services. At the end of the fiscal year, the total unreserved fund balance of the general fund was \$10.8 million (\$3.4 million of which has been designated by management for subsequent years' expenditures). The general



fund's total fund balance was \$13.0 million, a reduction from the prior year's balance of \$13.1 million. By statute, the amount of education related fund balances are limited and must be segregated from municipal balances. In addition, the City is prohibited from transferring funds from the education function to municipal functions. While the general fund's total fund balance decreased \$.1 million from the prior year, the education related balance decreased by \$1.0 million, while the municipal portion increased by \$.9 million. Over the last few years, the City has consistently held funds in excess of its 7.5% target. In order to bring our undesignated fund balance into a more acceptable range, the City appropriated \$1.0 million during fiscal year 2007 to fund further environmental assessment of the Penobscot River and associated legal costs.

**Proprietary funds.** Information on the City of Bangor's proprietary funds is similar to that found in the government-wide financial statements, but in more detail.

The unrestricted net assets of the seven enterprise funds decreased \$1.6 million to a total of \$171.1 million, including a net asset deficit of \$1.5 million in the Bass Park Fund and \$200 thousand in the Parking Fund.

The Airport Fund shows a significant decrease in net assets for 2006, wholly attributable to a decrease in capital grant funds. While Sewer and Bass Park operations experienced an increase in net assets of \$360 and \$31 thousand respectively, all other operations resulted in small decreases ranging from \$26 to \$69 thousand.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were minimal. The City's commitment to budgetary integrity continue with actual revenues exceeding budgeted amounts by 2.9% or \$2.3 million, while municipal expenditures were over budget by .1% or \$600 thousand. The majority of our over expenditures were offset by additional revenues, specifically in the areas of general assistance and sanitation.

### **Capital Asset and Debt Administration**

**Capital assets.** As of June 30, 2006, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$264.2 million (net of accumulated depreciation), an increase of \$5.4 million over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. The total increase in the City's investment in capital assets for the current fiscal year was 2.1% with a 6.5% increase for governmental activities and a .5% increase for business-type activities.

Major capital asset events during the current fiscal year included the following;

- A \$1.0 million investment in infrastructure on the City's waterfront
- Initial construction of a new police station in the amount of \$4.8 million
- Replacing municipal vehicles at a cost of \$1.5 million, including a public transit bus and an emergency command vehicle, whose costs were partially offset by \$550 thousand in grant funds

- Upgrading the City's BAT Community Connector (public transit) Storage facility in the amount of \$400 thousand
- Continuing the City's aggressive combined sewer overflow control program in the amount of \$1.5 million
- Investing \$3.2 million in operational assets at Bangor International Airport, including the upgrade and acquisition of property, constructing a deicing fluid collection system, and preliminary costs associated with a planned parking garage and snow removal equipment building.

### **Capital Assets (net of depreciation)**

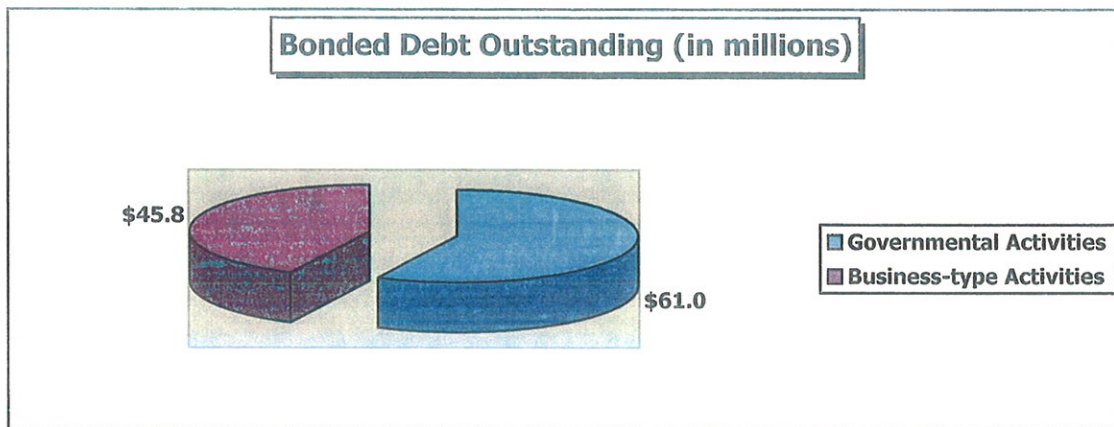
	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>
Land and improvements	9,643,191	4,783,418
Buildings and improvements	32,422,965	17,615,401
Machinery and equipment	3,950,581	2,142,948
Vehicles	5,639,808	-
Infrastructure	6,952,607	41,905,461
Parking structures	-	3,871,940
Aircraft operational assets	-	116,734,660
Construction in process	13,011,431	5,508,135
Total	<u>71,620,583</u>	<u>192,561,963</u>

Additional information on the City's capital assets can be found in Note C, Detailed Notes on all funds, of this report.

### **Debt Administration**

At fiscal year end, the City had a total outstanding bonded debt of \$106.8 million, an increase of \$.6 million during the year. This increase is temporary in nature since \$1.3 million of debt was issued in June 2006 in order to call \$1.2 million of outstanding 1995 and 1996 bonds with principal payments due in September 2006.





The City's general obligation debt maintained a "AA-" rating from Standard & Poor's and a "Aa3" rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total State assessed valuation. The current debt limit for the City is \$309.5 million, an amount which is significantly in excess of existing general obligation debt.

Additional information on the City's long-term debt can be found in Note I on pages II-39 to II-42 of this report.

### **Economic Factors and Next Year's Budget and Rates**

- The unemployment rate for the City of Bangor for calendar year 2005 is 4.7% and continues to compare favorably to the State's rate of 4.8%.
- The City's share of retail sales remains in excess of 9% of total statewide sales and has grown to 74% of county sales while Bangor represents less than 3% of the state's population.
- The increased in residential construction that the City began to experience in 2002 has persisted. Developers continue to construct new housing and develop new residential subdivisions without a need for the City to significantly improve infrastructure to accommodate this growth.

Bangor is the only municipality in Maine that has met the requirements of state law that allow for the operation of slot machines at commercial harness racing tracks. As a result, we now host Penn National Gaming which opened a "racino" at an interim location in the City in November 2005. Penn National plans to begin construction of its permanent facility in the spring of 2007. The location of such a facility in Bangor is seen as a potential means to provide income streams that can fund public projects that either should not or can not be borne by our taxpayers alone.

The rents and state taxes received from the operation of the slot facility have been placed into a newly created Racino Fund. The primary purpose of this fund is to provide the necessary resources to construct a new arena in Bangor to replace the Bangor Auditorium which opened in Bass Park in 1954.

In April 2006, The City received approval from the the Maine Department of Economic and Community Development for the creation of a Downtown Development Municipal Tax Increment Financing (TIF) District, encompassing our downtown area including the waterfront. This district will enable the City to capture new real estate and personal

property taxes generated from development within the district and use the funds for a number of infrastructure projects within its boundaries, such as repairing and constructing, parking structures, investing in sidewalks and streetscape improvements, and recreational amenities.

Beginning with fiscal year 2006, the City became subject to state statutory system (known as LD 1) that is designed to limit the increase in that portion of the tax levy that supports municipal functions. Generally the growth of the tax levy is limited to increases equal to the ten year percentage change in real statewide personal incomes plus taxes from property value resulting from new construction, major renovations to existing properties, or the subdivision of property. In addition, any "net new state funding," defined as percentage increases in state support programs to municipalities in excess of the LD 1 limit, must be deducted from the allowable tax levy increase. LD 1 also increased the State's share of local education costs through the "Essential Programs and Services" funding model as a mechanism for controlling local school expenditures.

The implementation of LD 1 complemented a number of the City's long-standing objectives, including controlling the rate of increase in property taxes and achieving proportionately greater State funding for the Bangor School Department.

For Fiscal Year 2006, the City Council voted to increase the City's LD 1 property tax levy limit in order to recognize a significant increase in State reimbursement for the General Assistance program. Since State reimbursements for General Assistance must be spent on this program, and given that General Assistance is a State mandate over which the City has limited to no control, management considers this levy limit increase to be a technical modification to the LD 1 requirements. In 2006, the State Legislature addressed this concern by exempting General Assistance reimbursements from the "net new state funding" deduction required by LD 1. As a result of these actions, the City's actions adopted municipal budget met the requirements of LD 1.

For Fiscal Year 2007 and as required by LD 1, the City Council voted to increase the City's property tax levy limit to recognize a "net new state funding" increase in Local Road Assistance. The City earmarks these state provided funds for its annual road paving capital program and not for day to day operations. Prior to July 1, 2006, the State legislature amended LD 1 to eliminate the local road assistance from the "net new state funding" limitation; however, that amendment did not become effective until after July 1, the date by which the City must adopt a budget for the year. The Council's vote to increase the tax levy limit insured that the City complied, both technically and in spirit, with the requirements of LD 1.

LD 1 also implemented the Essential Programs and Services Model for educational funding. This model sets forth a comprehensive methodology for computing the cost of providing essential educational programs to Maine's children. It also establishes a schedule designed to increase the State's share of total Essential Programs and Services costs to 55% over a four year period. Due to this change the City received approximately \$2 million more in State School Aid for the fiscal year ending June 30, 2006. While the State's model recognizes what it considers to be essential programs and their appropriate funding level, the Bangor School Department has identified a number of programs that are either under-funded or not funded by this model. As a

result, both the School Committee and the City Council voted to increase the educational spending limits imposed by LD 1 in order to appropriately fund such services and programs for both Fiscal Year 2006 and 2007.

Management continues to track other areas of revenue and expenditure concern. On the revenue side, we are focusing on flat rates of return on investments and the ability of automobile excise tax to keep pace with its recent trend of 4.5% average annual increases. As to expenses, insurance costs have proven volatile. We anticipate returning to near double-digit cost increases for employee health insurance and somewhat lower increases for commercial liability insurance. We are also concerned about higher energy costs and are implementing a series of short and long term efforts to reduce the City's energy use. Finally, the City will be faced with increased debt service in coming years due to the construction of a new police station. In the near term, we anticipate limiting the issuance of general obligation bonds for other projects in order to minimize the impact of debt service payments on our taxpayers.

User fees for both governmental and business-type activities are reviewed on an annual basis to ensure that fee structures are sufficient to cover the cost of providing such services. Many fees are adjusted annually for inflation. In addition a 5% increase in sewer fees was enacted effective July 1, 2006. This is the first sewer fee increase since March 1996.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Bangor's finances. Questions concerning any of this information should be addressed to the Finance Director, City of Bangor, 73 Harlow Street, Bangor, ME 04401.

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF BANGOR, MAINE**  
**Statement of Net Assets**  
**June 30, 2006**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 864,471	\$ 63,893	\$ 928,364
Investments	11,039,263	20,905,255	31,944,518
Receivables:			
Accounts (net of allowance of \$267,648 and \$200,996, respectively)	855,256	4,302,092	5,157,348
Intergovernmental	3,244,093	820,605	4,064,698
Taxes and liens receivable - prior years	920,285	-	920,285
Taxes receivable - current year	750,838	-	750,838
Deferred special assessments	30,130	88,700	118,830
Due from water district	-	189,391	189,391
Loans	7,744,229	2,207,984	9,952,213
Internal balances	1,935,255	(1,935,255)	-
Inventories	637,133	126,185	763,318
Prepaid items	37,757	102,995	140,752
Other assets	4,325,377	811,915	5,137,292
Non-depreciable capital assets	18,051,979	9,135,937	27,187,916
Depreciable capital assets, net	53,568,604	183,426,026	236,994,630
Total assets	104,004,670	220,245,723	324,250,393
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	3,079,420	1,999,897	5,079,317
Accrued payroll	3,594,767	281,471	3,876,238
Unearned revenues	4,377,386	108,520	4,485,906
Noncurrent liabilities			
Due within one year	6,219,214	4,398,972	10,618,186
Due in more than one year	58,553,025	42,390,013	100,943,038
Total liabilities	75,823,812	49,178,873	125,002,685
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	44,381,677	153,375,606	197,757,283
Restricted for:			
Nonexpendable trust principal	1,002,525	-	1,002,525
Unrestricted	(17,203,344)	17,691,244	487,900
Total net assets	\$ 28,180,858	\$ 171,066,850	\$ 199,247,708

*See accompanying notes to financial statements.*

CITY OF BANGOR, MAINE  
Statement of Activities  
For the Fiscal Year Ended June 30, 2006

Functions/programs	Program Revenues					Net (expense) revenue and changes in net assets		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Primary Government Business-type activities		Total
<b>Primary government</b>								
Governmental activities:								
General government	\$	\$	\$	\$	\$	\$	\$	\$
Public safety	6,947,106	1,672,854	27,387	32,500	(5,214,365)	-	-	(5,214,365)
Health, welfare and recreation	12,890,750	2,471,220	70,605	1,252,595	(9,096,330)	-	-	(9,096,330)
Public buildings and services	7,301,546	756,207	4,645,985	-	(1,899,354)	-	-	(1,899,354)
Other agencies	8,256,266	4,076,981	18,779	-	(4,160,506)	-	-	(4,160,506)
Education	3,610,935	-	-	-	(3,610,935)	-	-	(3,610,935)
Unclassified	45,522,795	4,561,352	21,616,639	185,190	(19,159,614)	-	-	(19,159,614)
Community development	947,025	859,582	-	-	(87,343)	-	-	(87,343)
Streets/Sidewalks	2,419,594	672,459	2,090,316	-	343,181	-	-	343,181
Waterfront	2,911,131	-	-	1,011,547	(1,899,584)	-	-	(1,899,584)
Public transportation	990,961	-	-	1,096,302	105,341	-	-	105,341
Tax increment financing	1,798,968	556,491	1,107,719	210,351	55,593	-	-	55,593
Interest on debt	1,092,770	-	-	-	(1,092,770)	-	-	(1,092,770)
	3,098,248	-	-	-	(3,098,248)	-	-	(3,098,248)
Total governmental activities	97,788,095	15,607,246	29,577,430	3,788,485	(48,814,934)	-	-	(48,814,934)
<b>Business-type activities:</b>								
Sewer Utility	5,818,127	6,206,605	-	-	-	388,478	388,478	388,478
Airport	16,947,056	12,074,504	-	2,581,874	-	(2,290,678)	(2,290,678)	(2,290,678)
Park Woods	540,207	287,452	-	-	-	(252,755)	(252,755)	(252,755)
Parking	1,322,138	963,697	-	-	-	(358,441)	(358,441)	(358,441)
Bass Park	1,918,111	1,460,931	-	-	-	(457,180)	(457,180)	(457,180)
Municipal Golf Course	647,499	604,365	-	-	-	(43,134)	(43,134)	(43,134)
Economic Development	484,264	391,658	-	-	-	(92,606)	(92,606)	(92,606)
Total business-type activities	27,677,402	21,989,212	-	2,581,874	-	(3,106,316)	(3,106,316)	(3,106,316)
<b>Total primary government</b>	\$	\$	\$	\$	\$	\$	\$	\$
	125,465,497	37,596,458	29,577,430	6,370,359	(48,814,934)	(3,106,316)	(3,106,316)	(51,921,250)
<b>General revenues:</b>								
Property taxes, levied for general purposes					40,666,738	-	-	40,666,738
Payment in lieu of taxes					160,457	-	-	160,457
Excise taxes					4,752,852	-	-	4,752,852
Franchise taxes					274,986	-	-	274,986
Grants and contributions not restricted to specific programs:								
Homestead exemption					678,789	-	-	678,789
Other State aid					24,478	-	-	24,478
State Revenue Sharing					4,069,815	-	-	4,069,815
Unrestricted investment earnings					699,417	635,454	-	1,334,871
Miscellaneous revenues					32,550	-	-	32,550
Transfers					(861,290)	861,290	-	-
Total general revenues and transfers					50,498,812	1,496,744	-	51,995,556
<b>Change in net assets</b>					1,683,878	(1,609,572)	-	74,306
<b>Net assets, beginning of year</b>					26,496,980	172,676,422	-	199,173,402
<b>Net assets, end of year</b>					\$	\$	\$	\$
					28,180,858	171,066,850	199,247,708	199,247,708

See accompanying notes to financial statements.

**CITY OF BANGOR, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

	General	Community Development Block Grant	Racino Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
<b>Assets</b>						
Cash	\$ 322,587	\$ -	\$ 250,543	\$ 163,894	\$ 127,447	\$ 864,471
Investments	10,655,899	-	-	-	383,364	11,039,263
Receivables:						
Taxes	1,671,122	-	-	-	-	1,671,122
Accounts (net of allowance of \$267,648)	855,256	-	-	-	-	855,256
Interfund	2,264,233	-	149,808	-	144,090	2,558,131
Intergovernmental	1,478,059	341,583	106,302	1,048,851	269,298	3,244,093
Loans	1,173,291	3,997,562	-	-	2,573,376	7,744,229
Deferred special assessments	-	-	-	30,130	-	30,130
Inventory, at cost	637,133	-	-	-	-	637,133
Investment of unexpended bond proceeds	-	-	-	4,325,377	-	4,325,377
Prepaid items	36,299	1,458	-	-	-	37,757
<b>Total assets</b>	<b>\$ 19,093,879</b>	<b>\$ 4,340,603</b>	<b>\$ 506,653</b>	<b>\$ 5,568,252</b>	<b>\$ 3,497,575</b>	<b>\$ 33,006,962</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 863,973	\$ 110,069	\$ -	\$ 1,482,353	\$ 66,244	\$ 2,522,639
Accrued wages and benefits payable	3,594,767	-	-	-	-	3,594,767
Interfund loans payable	-	149,808	-	-	473,068	622,876
Unearned revenues	1,617,881	3,997,562	-	-	296,120	5,911,563
Due to rehabilitation recipients	-	13,605	-	-	-	13,605
<b>Total liabilities</b>	<b>6,076,621</b>	<b>4,271,044</b>	<b>-</b>	<b>1,482,353</b>	<b>835,432</b>	<b>12,665,450</b>
<b>Fund balances</b>						
Reserved for:						
Encumbrances	719,831	19,273	-	3,160,265	628	3,899,997
Prepaid items	36,299	-	-	-	-	36,299
Advances to other funds	1,432,689	-	-	-	-	1,432,689
Nonexpendable trust principal	-	-	-	-	652,303	652,303
Unreserved:						
Designated (Note J)	3,430,033	-	-	-	-	3,430,033
Undesignated, reported in:						
General fund	7,398,406	-	-	-	-	7,398,406
Special revenue funds	-	50,286	506,653	-	1,658,990	2,215,929
Capital projects funds	-	-	-	925,634	-	925,634
Permanent funds	-	-	-	-	350,222	350,222
<b>Total fund balances</b>	<b>13,017,258</b>	<b>69,559</b>	<b>506,653</b>	<b>4,085,899</b>	<b>2,662,143</b>	<b>20,341,512</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,093,879</b>	<b>\$ 4,340,603</b>	<b>\$ 506,653</b>	<b>\$ 5,568,252</b>	<b>\$ 3,497,575</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

71,620,583

Other long-term assets are not available to pay for current-period expenditure and, therefore, are deferred in the funds.

1,534,177

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds

(65,315,414)

Net assets of governmental funds

**\$ 28,180,858**

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2006

	General	Community Development Block Grant	Racino Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 44,790,189	\$ -	\$ -	\$ -	\$ 1,064,448	\$ 45,854,637
Intergovernmental	27,995,989	2,090,316	-	3,364,169	4,264,208	37,714,682
Licenses and permits	538,534	-	-	-	-	538,534
Charges for services	12,367,709	-	-	-	560,280	12,927,989
Program income	-	343,496	-	-	319,773	663,269
Revenue from use of money and property	1,288,744	19,688	829,288	142,403	69,689	2,349,812
Other	36,195	9,190	-	424,316	56,659	526,360
<b>Total revenues</b>	<b>87,017,360</b>	<b>2,462,690</b>	<b>829,288</b>	<b>3,930,888</b>	<b>6,335,057</b>	<b>100,575,283</b>
<b>Expenditures</b>						
Current:						
General government	4,642,935	-	-	-	-	4,642,935
Public safety	12,852,119	-	-	-	-	12,852,119
Health, welfare and recreation	4,084,948	-	-	-	-	4,084,948
Public buildings and services	8,991,673	-	-	-	-	8,991,673
Other agencies	3,838,458	-	-	-	-	3,838,458
Education	46,491,735	-	-	-	-	46,491,735
Unclassified	126,875	-	141,807	-	-	268,682
Restricted grants	-	2,306,383	-	-	6,041,950	8,348,333
Capital outlay	430,551	-	-	11,332,281	-	11,762,832
Debt service	3,846,364	-	-	-	-	3,846,364
<b>Total expenditures</b>	<b>85,305,658</b>	<b>2,306,383</b>	<b>141,807</b>	<b>11,332,281</b>	<b>6,041,950</b>	<b>105,128,079</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,711,702</b>	<b>156,307</b>	<b>687,481</b>	<b>(7,401,393)</b>	<b>293,107</b>	<b>(4,552,796)</b>
<b>Other financing sources (uses)</b>						
General obligation debt	-	-	-	4,333,000	-	4,333,000
Sale of assets	120,479	-	-	-	-	120,479
Transfers to other funds	(2,200,163)	(92,325)	(180,828)	(93,837)	(531,984)	(3,099,137)
Transfers from other funds	281,571	-	-	1,950,148	6,128	2,237,847
<b>Total other financing sources (uses)</b>	<b>(1,798,113)</b>	<b>(92,325)</b>	<b>(180,828)</b>	<b>6,189,311</b>	<b>(525,856)</b>	<b>3,592,189</b>
<b>Changes in fund balances</b>	<b>(86,411)</b>	<b>63,982</b>	<b>506,653</b>	<b>(1,212,082)</b>	<b>(232,749)</b>	<b>(960,607)</b>
<b>Fund balances, beginning of year</b>	<b>13,103,669</b>	<b>5,577</b>	<b>-</b>	<b>5,297,981</b>	<b>2,894,892</b>	<b>21,302,119</b>
<b>Fund balances, end of year</b>	<b>\$ 13,017,258</b>	<b>\$ 69,559</b>	<b>\$ 506,653</b>	<b>\$ 4,085,899</b>	<b>\$ 2,662,143</b>	<b>\$ 20,341,512</b>

*See accompanying notes to financial statements.*



**CITY OF BANGOR, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2006**

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Net change in fund balances - total governmental funds (from Exhibit 4)	\$	(960,607)
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Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$7,076,441 exceeded depreciation expense of \$2,698,390 in the current period.

4,378,051

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds of \$4,333,000 exceeded repayments of \$2,748,866.

(1,584,134)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(149,432)

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Change in net assets of governmental activities (see Exhibit 2)	\$	1,683,878
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*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2006**

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 43,931,087	\$ 43,931,087	\$ 44,790,189	\$ 859,102
Intergovernmental	22,736,879	22,759,199	23,442,508	683,309
Licenses and permits	451,900	451,900	538,534	86,634
Charges for services				
municipal	7,012,610	7,012,610	7,631,324	618,714
school	4,604,854	4,604,854	4,561,352	(43,502)
Fines, forfeits and penalties	28,650	28,650	36,195	7,545
Revenue from use of money and property				
municipal	677,623	677,623	751,995	74,372
<b>Total revenues</b>	<b>79,443,603</b>	<b>79,465,923</b>	<b>81,752,097</b>	<b>2,286,174</b>
<b>Expenditures</b>				
Current:				
General government	4,247,878	4,272,878	4,271,261	1,617
Public safety	12,954,483	12,954,483	12,937,340	17,143
Health, welfare and recreation	3,653,807	3,658,092	4,084,948	(426,856)
Public buildings and services	8,928,557	8,946,592	9,023,632	(77,040)
Other agencies	3,837,851	3,837,851	3,833,458	4,393
Education	42,397,185	45,147,304	42,117,802	3,029,502
Debt service	3,845,676	3,845,676	3,846,364	(688)
Unclassified	108,987	108,987	131,875	(22,888)
<b>Total expenditures</b>	<b>79,974,424</b>	<b>82,771,863</b>	<b>80,246,680</b>	<b>2,525,183</b>
Excess (deficiency) of revenues				
over/under expenditures	(530,821)	(3,305,940)	1,505,417	4,811,357
<b>Other financing sources (uses)</b>				
Appropriation from designated fund balance	1,727,053	1,727,053	562,639	(1,164,414)
Appropriation from undesignated fund balance	475,818	475,818	-	(475,818)
Appropriation to designated fund balance	(475,818)	(475,818)	(475,818)	-
Sale of assets	22,743	22,743	46,074	23,331
Transfers to other funds	(494,435)	(494,435)	(494,435)	-
Transfers from other funds	8,000	8,000	187,303	179,303
Operating transfers	(732,540)	(732,540)	(732,540)	-
<b>Total other financing sources (uses)</b>	<b>530,821</b>	<b>530,821</b>	<b>(906,777)</b>	<b>(1,437,598)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (2,775,119)</b>	<b>598,640</b>	<b>\$ 3,373,759</b>
Undesignated fund balance, beginning of year			6,152,195	
Change in balances carried			647,571	
<b>Undesignated fund balance, end of year</b>			<b>\$ 7,398,406</b>	

*See accompanying notes to financial statements.*

CITY OF BANGOR, MAINE  
Statement of Net Assets  
Proprietary Funds  
June 30, 2006

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Totals Current year
<b>ASSETS</b>								
Current assets								
Cash	\$ 22,158	\$ 23,471	\$ 102	\$ 3,813	\$ 4,772	\$ 9,560	\$ 17	\$ 63,893
Investments	1,497,302	7,527,352	-	353,719	-	853,482	-	10,231,855
Accounts receivable	1,409,899	2,897,388	-	3,188	192,613	-	-	4,503,088
Less allowance for uncollectible accounts	(22,601)	(151,285)	-	-	(27,110)	-	-	(200,996)
Net accounts receivable	1,387,298	2,746,103	-	3,188	165,503	-	-	4,302,092
Due from other governments	-	820,605	-	-	-	-	-	820,605
Due from water district	189,391	-	-	-	-	-	-	189,391
Inventories, at cost	-	110,100	-	-	16,085	-	-	126,185
Prepaid items	37,162	28,486	-	-	37,347	-	-	102,995
Total current assets	3,133,311	11,256,117	102	360,720	223,707	863,042	17	15,837,016
Noncurrent assets								
Capital Assets:								
Land and improvements	683,865	-	295,025	-	828,921	1,431,040	2,492,037	5,730,888
Buildings and improvements	27,539,270	-	1,933,061	-	5,587,727	238,408	5,872,273	41,170,739
Machinery and equipment	5,148,332	-	22,952	-	144,428	307,061	-	5,622,773
Infrastructure	50,245,044	-	-	-	-	-	-	50,245,044
Aircraft operational assets	-	224,990,353	-	-	-	-	-	224,990,353
Parking structures	-	-	-	9,968,268	-	-	-	9,968,268
Construction in process	4,207,170	1,259,498	-	-	-	41,467	-	5,508,135
	87,823,681	226,249,851	2,251,038	9,968,268	6,561,076	2,017,976	8,364,310	343,236,200
Less accumulated depreciation	(28,578,324)	(108,255,693)	(1,008,824)	(6,096,328)	(4,983,952)	(1,180,229)	(570,887)	(150,674,237)
Net capital assets	59,245,357	117,994,158	1,242,214	3,871,940	1,577,124	837,747	7,793,423	192,561,963
Investments	-	10,673,400	-	-	-	-	-	10,673,400
Loans receivable	-	2,088,520	-	-	-	-	119,464	2,207,984
Deferred special assessments	88,700	-	-	-	-	-	-	88,700
Investment of unexpended bond proceeds	-	-	-	98,805	-	594,343	-	693,148
Deposits	-	-	15,000	-	-	-	-	15,000
Bond issuance costs (net of accumulated amortization of \$290,542)	103,767	-	-	-	-	-	-	103,767
Total noncurrent assets	59,437,824	130,756,078	1,257,214	3,970,745	1,577,124	1,432,090	7,912,887	206,343,962
Total assets	62,571,135	142,012,195	1,257,316	4,331,465	1,800,831	2,295,132	7,912,904	222,180,978

See accompanying notes to financial statements.

**CITY OF BANGOR, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2006**

**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Totals Current year
<b>LIABILITIES</b>								
Current liabilities								
Accounts payable	173,000	1,314,153	14,233	26,968	52,439	12,604	16,209	1,609,606
Accrued wages and benefits payable	44,672	188,808	2,880	6,772	22,725	15,614	-	281,471
Accrued interest	224,018	64,708	-	40,253	18,690	4,553	32,251	384,473
Workers' compensation	15,101	113,462	-	3,465	5,219	-	-	137,247
Unearned revenue	-	-	-	36,484	72,036	-	-	108,520
Accrued compensated absences	51,586	220,385	12,310	5,956	28,898	9,202	-	328,337
Interfund loans	-	-	67,000	-	1,600,755	-	267,500	1,935,255
General obligation debt payable	2,691,692	495,337	-	451,888	131,003	31,655	169,702	3,971,277
Deferred amount on refunding	(19,907)	-	-	(17,982)	-	-	-	(37,889)
Other liabilities	-	3,818	2,000	-	-	-	-	5,818
<b>Total current liabilities</b>	<b>3,180,162</b>	<b>2,400,671</b>	<b>98,423</b>	<b>553,804</b>	<b>1,931,765</b>	<b>73,628</b>	<b>485,662</b>	<b>8,724,115</b>
Long-term liabilities								
Workers' compensation	74,899	62,437	-	6,535	4,781	-	-	148,652
General obligation debt payable	23,328,281	8,028,027	-	4,004,880	1,399,377	660,992	4,388,395	41,809,952
Deferred amount on refunding	(33,191)	-	-	(35,281)	-	-	-	(68,472)
Other long-term liabilities	291,451	-	193,061	15,369	-	-	-	499,881
<b>Total long-term liabilities</b>	<b>23,661,440</b>	<b>8,090,464</b>	<b>193,061</b>	<b>3,991,503</b>	<b>1,404,158</b>	<b>660,992</b>	<b>4,388,395</b>	<b>42,390,013</b>
<b>Total liabilities</b>	<b>26,841,602</b>	<b>10,491,135</b>	<b>291,484</b>	<b>4,545,307</b>	<b>3,335,923</b>	<b>734,620</b>	<b>4,874,057</b>	<b>51,114,128</b>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	34,253,268	113,259,159	1,242,214	41,527	512,023	832,090	3,235,326	153,375,607
Unrestricted	1,476,265	18,261,902	(276,382)	(255,369)	(2,047,115)	728,422	(196,479)	17,691,244
<b>Total net assets</b>	<b>\$ 35,729,533</b>	<b>\$ 131,521,061</b>	<b>\$ 965,832</b>	<b>\$ (213,842)</b>	<b>\$ (1,535,092)</b>	<b>\$ 1,560,512</b>	<b>\$ 3,038,847</b>	<b>\$ 171,066,851</b>

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2006**  
**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Totals Current year
Operating revenues								
Charges for services	\$ 6,206,605	\$ 11,996,990	\$ 287,452	\$ 963,697	\$ 1,460,931	\$ 604,365	\$ 330,840	\$ 21,850,880
Operating expenses								
Operating expenses other than depreciation and amortization	3,208,494	9,924,970	451,084	626,261	1,758,275	537,101	209,517	16,715,702
Depreciation and amortization	1,661,100	6,613,306	89,123	478,381	88,436	100,099	151,371	9,181,816
Total operating expenses	4,869,594	16,538,276	540,207	1,104,642	1,846,711	637,200	360,888	25,897,518
Operating income (loss)	1,337,011	(4,541,286)	(252,755)	(140,945)	(385,780)	(32,835)	(30,048)	(4,046,638)
Nonoperating revenue (expenses)								
Interest income	75,375	475,951	417	12,079	1,142	35,610	34,880	635,454
Interest expense	(948,533)	(408,780)	-	(217,496)	(71,400)	(10,299)	(123,376)	(1,779,884)
Miscellaneous income (expense)	-	77,514	-	-	-	-	60,818	138,332
Total nonoperating revenue (expenses)	(873,158)	144,685	417	(205,417)	(70,258)	25,311	(27,678)	(1,006,098)
Net income (loss) before grants/contributions and transfers	463,853	(4,396,601)	(252,338)	(346,362)	(456,038)	(7,524)	(57,726)	(5,052,736)
Grants/contributions received for capital assets	-	2,581,874	-	-	-	-	-	2,581,874
Transfers to other funds	(100,362)	-	-	-	(1,197)	(18,200)	-	(119,759)
Transfers from other funds	-	-	183,009	310,268	487,772	-	-	981,049
Change in net assets	363,491	(1,814,727)	(69,329)	(36,094)	30,537	(25,724)	(57,726)	(1,609,572)
Net Assets, beginning of year	35,366,042	133,335,787	1,035,161	(177,748)	(1,565,629)	1,586,236	3,096,573	172,676,422
Net Assets, end of year	\$ 35,729,533	\$ 131,521,060	\$ 965,832	\$ (213,842)	\$ (1,535,092)	\$ 1,560,512	\$ 3,038,847	\$ 171,066,850

*See accompanying notes to financial statements.*



**CITY OF BANGOR, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2006**  
**Business-type Activities - Enterprise Funds**

	Sewer Utility Fund	Airport Fund	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Total
Cash flows from operating activities								
Cash received from customers	\$ 6,253,646	\$ 13,893,704	\$ 287,452	\$ 957,134	\$ 1,446,845	\$ 604,365	\$ 330,840	\$ 23,773,986
Cash paid to suppliers for goods and services	(1,990,421)	(6,570,561)	(386,578)	(412,119)	(946,210)	(260,748)	(202,676)	(10,769,313)
Cash paid to employees for services	(1,201,106)	(4,946,310)	(73,690)	(192,145)	(787,919)	(292,211)	-	(7,493,381)
Net cash provided by (used in) operating activities	3,062,119	2,376,833	(172,816)	352,870	(287,284)	51,406	128,164	5,511,292
Cash flows from noncapital financing activities								
Interfund loans (repayments)	-	-	(13,000)	-	(50,600)	-	50,500	(13,100)
Transfers in	-	-	183,009	310,268	487,772	-	-	981,049
Transfers out	(100,362)	-	-	-	(1,197)	(18,200)	-	(119,759)
Net cash provided by (used in) noncapital financing activities	(100,362)	-	170,009	310,268	435,975	(18,200)	50,500	848,190
Cash flows from capital and related financing activities								
Proceeds from general obligation bonds	-	-	-	-	-	600,000	2,250,000	2,850,000
Acquisition and construction of capital assets	(1,911,939)	(6,164,247)	-	-	-	(60,945)	(2,603,925)	(10,741,056)
Principal paid on general obligation bonds	(2,680,361)	(480,341)	-	(456,878)	(125,745)	(864)	(98,660)	(3,842,849)
Interest paid on general obligation bonds	(945,519)	(401,831)	-	(198,505)	(72,625)	(5,746)	(124,269)	(1,748,495)
Proceeds from sale of equipment	-	77,514	-	-	-	-	-	77,514
Grant monies received for capital assets	-	1,128,306	-	-	-	-	-	1,128,306
Investment of unexpended bond proceeds	2,011,343	-	-	20,493	-	(594,343)	-	1,437,493
Net cash provided by (used in) capital and related financing activities	(3,526,476)	(5,840,599)	-	(634,890)	(198,370)	(61,898)	(576,854)	(10,839,087)
Cash flows from investing activities								
Net sales (purchases) of investments	470,788	2,903,843	-	(48,933)	-	(13,600)	357,505	3,669,603
Interest on investments	80,924	475,952	417	13,163	1,142	35,610	34,880	642,088
Loan repayments	-	11,058	-	-	-	-	5,294	16,352
Net cash provided by (used in) investing activities	551,712	3,390,853	417	(35,770)	1,142	22,010	397,679	4,328,043
Net increase (decrease) in cash	(13,007)	(72,913)	(2,390)	(7,522)	(48,537)	(6,682)	(511)	(151,562)
Cash, beginning of year	35,165	96,384	2,492	11,335	53,309	16,242	528	215,455
Cash, end of year	\$ 22,158	\$ 23,471	\$ 102	\$ 3,813	\$ 4,772	\$ 9,560	\$ 17	\$ 63,893

## Schedule of noncash investing, capital and financing activities:

During the year, the Airport Fund had an unrealized loss on investments in the amount of \$485,443.

*See accompanying notes to financial statements.*

**CITY OF BANGOR, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2006**

	<b>Business-type Activities - Enterprise Funds</b>							
	Sewer Utility Fund	Airport Fund	Park Woods	Parking Fund	Bass Park Fund	Municipal Golf Course	Economic Development Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities								
Operating income (loss)	\$ 1,337,011	\$ (4,541,286)	\$ (252,755)	\$ (140,945)	\$ (385,780)	\$ (32,835)	\$ (30,048)	\$ (4,046,638)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation and amortization	1,661,100	6,613,306	89,123	478,381	88,436	100,099	151,371	9,181,816
Provision for uncollectible accounts	-	(215,105)	-	-	-	-	-	(215,105)
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	(56,503)	1,896,714	-	(646)	(61,459)	-	-	1,778,106
(Increase) decrease in due from water district	103,544	-	-	-	-	-	-	103,544
(Increase) decrease in inventories	-	(32,364)	-	-	(2,837)	-	-	(35,201)
(Increase) decrease in prepaid items	1,718	5,089	-	-	(10,276)	-	-	(3,469)
Increase (decrease) in accounts payable	5,034	(1,396,070)	(11,766)	21,432	31,344	(16,518)	6,841	(1,359,703)
Increase (decrease) in unearned revenue	-	-	-	(5,917)	47,373	-	-	41,456
Increase (decrease) in other current liabilities	10,215	46,549	2,582	565	5,915	660	-	66,486
Total adjustments	1,725,108	6,918,119	79,939	493,815	98,496	84,241	158,212	9,557,930
Net cash provided by (used in) operating activities	\$ 3,062,119	\$ 2,376,833	\$ (172,816)	\$ 352,870	\$ (287,284)	\$ 51,406	\$ 128,164	\$ 5,511,292

*See accompanying notes to financial statements.*

CITY OF BANGOR, MAINE  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2006

		Agency Fund
<b>ASSETS</b>		
Cash	\$	115,760
<b>Total assets</b>	<b>\$</b>	<b>115,760</b>
<b>LIABILITIES</b>		
Liabilities:		
Amounts held for others	\$	115,760
<b>Total liabilities</b>	<b>\$</b>	<b>115,760</b>

*See accompanying notes to financial statements.*

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**CITY OF BANGOR, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**A. Reporting Entity**

The City of Bangor was incorporated under the laws of the State of Maine in 1834 and operates under a council/manager form of government. In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The criteria used to determine which entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. Based upon all pertinent facts derived from the analysis of the above criteria, it was determined that no additional entities should be included as part of these financial statements.

The City of Bangor is a member of the Joint Venture of the Equity Charter Municipalities of Municipal Review Committee, Inc (Joint Venture). The Joint Venture is an organization that resulted from a contractual arrangement between certain member municipalities, Penobscot Energy Recovery Company (PERC) and Bangor Hydro Electric Company. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of non-hazardous municipal solid waste. As of December 31, 2005 (most recent data available) the City of Bangor's share of the Joint Venture's net assets was \$5,832,563. Complete financial statements may be obtained from Municipal Review Committee, 40 Harlow Street, Bangor, ME 04401.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Community Development Block Grant Fund accounts for federal grants obtained and expended under the Housing and Community Development Act of 1974, as amended, for the development of viable urban communities.

The Racino Fund accounts for the percentage of slot revenues received by the City from the operation of the Racino. Said funds will be used to replace the Bangor Auditorium.

The Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

The City reports the following major proprietary funds:

The Sewer Utility fund accounts for the costs of construction and operation of the sewage treatment plant, the City sewer system, and sewer operation activities, and is self-supported through sewer user fees.

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The Airport Fund accounts for the operation of Bangor International Airport. The principal sources of revenues are landing fees and the sale of aviation fuel. Other revenue sources include lease payments for the use of terminal space and non-aviation industrial buildings.

The Park Woods Fund accounts for the rental of 60 units of surplus housing received from the federal government pursuant to the McKinney Homeless Assistance Act. The principal source of revenue is rental income.

The Parking Fund accounts for the operation of the City-owned parking lots and the Pickering Square garage. Revenue sources include monthly lease payments for parking spaces, hourly/daily parking fees and fines and waiver fees for parking violations. Certain of these facilities are operated under a private management contract.

The Bass Park Fund accounts for the operation of the Bangor auditorium, Bangor Civic Center, and Bangor State Fair. Principal sources of revenue are admissions, concession sales and rentals. The facility is named after the Bass family, which bequeathed the property to the City for recreational purposes.

The Municipal Golf Course Fund accounts for the operation of a 27 hole municipal golf course. Principal revenue sources are season memberships and daily greens fees.

The Economic Development Fund accounts for the operation and development of properties acquired by the City. Its purpose is to promote economic growth within the City. The principal source of revenue is rental income.

Additionally, the City reports the following fund type:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds include the following fund type:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the City holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's public services function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.



**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

**1. Deposits and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements. City policy prohibits the investment in so-called "derivative instruments".

Investments are reported at fair value. Income earned from the investment of pooled cash is allocated to various funds based upon the average cash balance allocated to the fund.

**2. Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans" (i.e. current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures/expenses when

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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used. The consumption method does not require a reserve for inventory and the City has chosen not to have such a reserve.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 for machinery/equipment/vehicles, \$25,000 for land/buildings and improvements and \$100,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the assets' estimated useful lives.

The range of useful lives used to compute depreciation are as follows:

Buildings	25 – 50 years
Equipment	5 – 20 years
Infrastructure	10 – 50 years
Aircraft Operational	5 – 40 years
Parking Structures	10 – 20 years

**5. Compensated Absences**

Accumulated vacation or compensatory time or vested sick leave of governmental funds that is expected to be liquidated with expendable available resources is reported as an expenditure in respective fund financial statements only if the liability has matured, for example, as a result of employee resignations and retirements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. No liability is recorded for non-accumulating rights to receive sick pay benefits.

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**6. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

**8. Allowance for Uncollectible Accounts and Loans**

Allowances for uncollectible accounts are maintained for all types of receivables, which historically experience uncollectible accounts. Allowances for uncollectible loans are established when the City determines its ability to collect the outstanding loan balance has been impaired.

**9. Use of Estimates**

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**A. Budgetary Information**

Budgets are prepared on a modified accrual basis of accounting, with the exception of depreciation within the enterprise funds. Budgets for the General Fund and enterprise funds are formally adopted each year through the passage of an appropriation resolve. Budgets for special revenue and capital projects funds have adopted project-length budgets. Unencumbered appropriations lapse at fiscal year end.

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts, and other commitments) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments have not be honored in the current year. For budgetary purposes, encumbrances are treated as expenditures within both governmental and proprietary fund types.

On or before the second Monday in April, the City Manager submits to the City Council a proposed operating budget for the ensuing fiscal year. The Council holds public meetings and a final budget must be prepared and adopted no later than June 30th. Should the Council fail to adopt an operating budget on or before June 30<sup>th</sup>, by Charter, the budget proposed by the City Manager becomes effective.

The budget is adopted at the department level through the passage of appropriation resolves. The City Manager may make transfers of appropriations within a department. Transfers between departments or additional appropriations require the approval of the City Council. The City Council made several supplementary budgetary appropriations throughout the year, none were material.

**B. Reconciliation of Budgetary Basis Statements**

The following schedule reconciles the General Fund amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Budgetary Basis to the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds:

Excess of revenues over expenditures and other financing sources and uses (Budget)	\$ 598,640
Activity in designated fund balance	(453,420)
2006 encumbrances	705,431
2005 encumbrances lapsed	(16,123)
2005 encumbrances paid	(920,939)
Deficiency of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ (86,411)</u>

The following schedule reconciles the amounts on the enterprise funds' Schedules of Revenues, Expenditures and Encumbrances—Budget and Actual—Budgetary Basis to the amount on the Combined Statement of Revenues, Expenses, and Changes in Net Assets:

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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Excess (deficiency) of revenues over expenditures and encumbrances:

Sewer	\$ (2,085,180)
Airport	(4,496,485)
Park Woods	(136,993)
Parking	(461,879)
Bass Park	(90,597)
Municipal Golf Course	(40,727)
Economic Development	<u>(259,321)</u>
	<u>(7,571,182)</u>

Nonoperating revenues classification	(1,652,828)
Investments at market value	(225,438)
Capital outlay	232,026
Capital projects	(141,882)
Cash basis to accrual basis adjustments	(133,561)
Contributed capital depreciation	(237,881)
Principal payments	3,842,850
2006 encumbrances	57,388
2005 encumbrances	(40,358)
Nonoperating expenses classification	<u>1,824,228</u>

Operating loss	<u><u>\$ (4,046,638)</u></u>
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**C. Excess of Expenditures Over Appropriations**

The following General Fund departments were over-expended by the indicated dollar amounts; Executive \$44,256, City Clerk \$ 13,209, Assessing \$4,665, Police \$25,899, Fire \$53,958, Health and welfare \$372,902, Parks and recreation \$53,954, Public buildings and services \$77,040 and Tax increment financing payments \$51,631. These over-expenditures were funded by receipt of revenues in excess of appropriation and under-expenditures within other General Fund departments.

The Economic Development Fund was over-expended on a departmental basis by \$155,457. This over-expenditure was funded, in part, by receipt of revenues in excess of appropriations. The Park Woods and Bass Park Funds were over-expended on a departmental basis by \$39,637 and \$56,195 respectively, but were reasonable based upon the expected deficiencies within each fund.

**D. Deficit Fund Equity**

The Bass Park Enterprise Fund has a deficit fund equity of \$1,535,092. The City Council has determined that the facility will either be closed or replaced in the near future.

With continued review of parking usage and fees it is anticipated that the Parking Fund deficit of \$213,842 will at the least stabilize over the coming years.

**E. Restricted Assets**

Donations received by the City whose use is limited are placed in the appropriate Special Revenue fund, depending upon whether or not the principal can be expended. All changes in market value are added to the earnings, which is allowable by State Statute. As these amounts are invested in a note receivable, there was no change in market value for fiscal year 2006.

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**DETAILED NOTES ON ALL FUNDS**

---

**A. Deposits and Investments**

The City maintains a cash pool that is available for use by all funds. In addition, cash and investments are separately held by several of the funds.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy with respect to custodial credit risk for deposit accounts. The City does maintain insurance coverage to protect up to \$3,500,000 of deposits in addition to the \$100,000 provided by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2006, \$203,408 of the City's bank balance of \$4,024,381 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2006, the City had the following investments and maturities:

<u>Investment types</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Maturity (years)</u>		
			<u>&lt;1</u>	<u>1-5</u>	<u>6-10</u>
Mutual Funds	\$ 15,157,999	\$ 15,157,999	\$ -	\$ -	\$ -
US Treasuries	21,017,123	-	10,765,049	9,772,347	479,727
Common stock	737,921	737,921	-	-	-
Certificate of Deposit	50,000	50,000	-	-	50,000
Totals	<u>\$ 36,963,043</u>	<u>\$ 15,945,920</u>	<u>\$ 10,765,049</u>	<u>\$ 9,772,347</u>	<u>\$ 529,727</u>

Interest Rate Risk

The City's Investment Policy requires that, to the extent possible, the City will attempt to match investments with anticipated cash requirements. Unless matched to a specific cash flow, the City is not allowed to directly invest in securities maturing more than three years from the date of purchase.

Credit Risk

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. As of June 30, 2006, the City's investment in equities were rated by Standard and Poor's as follows:

<u>Investment type</u>	<u>Rating</u>	<u>Fair Value</u>
Mutual Funds	Not Rated	\$ 15,157,999
US Treasuries	AAA	21,017,123
Common stock	Not Rated	737,921
Certificate of Deposit	Not Rated	50,000

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of June 30, 2006, the City had no investments that were subject to custodial risk. The City's investment policy states that all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a "delivery vs. payment" basis. Securities will be held by a third party custodian, or Trust Department, designated by the Treasurer and evidenced by safekeeping receipts.



**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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Concentration of Credit Risk

The City's Investment Policy states that the City will diversify its investments by security type and institution. No more than 40% of the City's total investment portfolio will be invested in any combination of commercial paper and time certificates of deposit.

**B. Property Tax**

Property taxes for the current year were levied July 7, 2005, on the assessed value listed as of the prior April 1 for all real and personal property located in the City. Assessed values are periodically established by the City's Assessor at 100% of assumed market value. Taxes were due in two installments: September 15, 2005 and March 15, 2006. Interest was charged at 7.75% on all taxes unpaid as of the due date.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues. Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,040,548	-	-	5,040,548
Construction in progress	13,772,822	8,457,114	9,218,505	13,011,431
<u>Total capital assets, not being depreciated</u>	<u>18,813,370</u>	<u>8,457,114</u>	<u>9,218,505</u>	<u>18,051,979</u>
Capital assets, being depreciated:				
Land improvements	1,873,395	4,123,982	-	5,997,377
Buildings and improvements	48,065,964	1,608,592	-	49,674,556
Machinery and equipment	7,744,294	531,850	-	8,276,144
Vehicles	10,068,804	1,661,337	382,756	11,347,385
Infrastructure	15,113,084	-	-	15,113,084
Total capital assets being depreciated	82,865,541	7,925,761	382,756	90,408,546
Less accumulated depreciation for:				
Land improvements	(1,232,613)	(162,121)	-	(1,394,734)
Buildings and improvements	(16,295,715)	(955,876)	-	(17,251,591)
Machinery and equipment	(3,750,745)	(574,818)	-	(4,325,563)
Vehicles	(5,280,391)	(722,013)	(294,827)	(5,707,577)
Infrastructure	(7,876,915)	(283,562)	-	(8,160,477)
Total accumulated depreciation	(34,436,379)	(2,698,390)	(294,827)	(36,839,942)
<u>Total capital assets being depreciated, net</u>	<u>48,429,162</u>	<u>5,227,371</u>	<u>87,929</u>	<u>53,568,604</u>
<b><u>Governmental activities capital assets, net</u></b>	<b><u>\$ 67,242,532</u></b>	<b><u>13,684,485</u></b>	<b><u>9,306,434</u></b>	<b><u>71,620,583</u></b>

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,575,836	1,051,966	-	3,627,802
Construction in progress	8,084,026	6,512,800	9,088,691	5,508,135
Total capital assets, not being depreciated	10,659,862	7,564,766	9,088,691	9,135,937
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Land improvements	2,103,086	-	-	2,103,086
Buildings and improvements	38,899,251	2,731,635	460,147	41,170,739
Machinery and equipment	5,521,776	100,997	-	5,622,773
Infrastructure	50,245,044	-	-	50,245,044
Airport operational assets	215,743,709	9,246,644	-	224,990,353
Parking structures	9,968,268	-	-	9,968,268
Total capital assets being depreciated	322,481,134	12,079,276	460,147	334,100,263
Less accumulated depreciation for:				
Land improvements	(872,856)	(74,614)	-	(947,470)
Buildings and improvements	(22,387,108)	(1,218,005)	(49,775)	(23,555,338)
Machinery and equipment	(3,205,519)	(274,306)	-	(3,479,825)
Infrastructure	(7,837,133)	(502,450)	-	(8,339,583)
Airport operational assets	(101,642,387)	(6,613,306)	-	(108,255,693)
Parking structures	(5,617,947)	(478,381)	-	(6,096,328)
Total accumulated depreciation	(141,562,950)	(9,161,062)	(49,775)	(150,674,237)
Total capital assets being depreciated, net	180,918,184	2,918,214	410,372	183,426,026
<b>Business-type activities capital assets, net</b>	<b>\$191,578,046</b>	<b>10,482,980</b>	<b>9,499,063</b>	<b>192,561,963</b>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 893,161
Public safety	356,520
Health, welfare and recreation	174,881
Public building and services	410,576
Education	863,252
<b>Total depreciation expense – governmental activities</b>	<b>\$2,698,390</b>
<b>Business-type activities:</b>	
Sewer Utility Fund	\$1,640,346
Airport Fund	6,613,306
Park Woods	89,123
Parking Fund	478,381
Bass Park Fund	88,436
Municipal Golf Course	100,099
Economic Development Fund	151,371
<b>Total depreciation expense – business activities</b>	<b>\$9,161,062</b>

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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Construction commitments

The government has active construction projects as of June 30, 2006. The projects include reconstruction of runways, construction of additional infrastructure on the waterfront, continuation of the combined sewer overflow program, and construction of with a new police station.

**D. Interfund Transactions**

Individual fund interfund receivable and payable transactions are described in the Summary of Significant Accounting Policies Note D. 2. As of June 30, 2006 the balances were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,264,233	\$ -
Racino Fund	149,808	-
Other HUD Funds	144,090	-
Community Development Block Grant	-	149,808
Grant Fund	-	144,090
Other Special Revenue Funds	-	328,978
Park Woods Fund	-	67,000
Bass Park Fund	-	1,600,755
Economic Development	-	267,500
	<u>\$ 2,558,131</u>	<u>\$ 2,558,131</u>

Individual fund transfers to and from other funds for the fiscal year ended June 30, 2006 are comprised primarily of transfers from fund balances to fund capital projects and to provide operating subsidies to certain proprietary funds.

	<u>Transfers to</u>	<u>Transfer from</u>
General Fund	\$ 2,200,163	\$ 281,571
Community Development Block Grant	92,325	-
Racino Fund	180,828	-
Special Revenue Funds	501,484	5,269
Capital Projects Fund	93,837	1,950,148
Proprietary Funds	119,759	981,049
Permanent Funds	30,500	859
	<u>\$ 3,218,896</u>	<u>\$ 3,218,896</u>

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**E. Due From Other Governments**

Due from other governments is comprised of the following amounts at June 30, 2006:

	Federal Government	State of Maine	Other	Total
General Fund	\$ -	\$ 1,321,154	\$ 156,905	\$ 1,478,059
Special Revenue Funds	578,711	32,170	-	610,881
Racino Fund	-	106,302	-	106,302
Capital Projects Fund	-	1,048,851	-	1,048,851
Proprietary Funds	804,807	15,798	-	820,605

Of the General Fund's \$1,321,154 due from State of Maine, \$525,364 represents school grant and State agency billings, \$551,133 is due from the Department of Transportation and \$237,036 represents general assistance claims. Amounts due from other communities for tuition reimbursement to Bangor accounts for \$80,406 of the Due from Other in the General Fund.

**F. Leases**

Operating Leases

The Airport and Economic Development Proprietary Funds are the lessors of various buildings and land parcels under operating leases expiring in various years through 2039 and 2034, respectively. Minimum future rentals to be received on noncancelable leases as of June 30, 2006 are:

Fiscal year ending June 30,	Airport	Economic Development
2007	\$ 2,466,899	\$ 249,140
2008	2,317,539	213,772
2009	1,393,694	219,289
2010	1,120,412	224,591
2011	861,446	224,591
Subsequent to 2011	5,566,294	1,787,275
	<u>\$ 13,726,284</u>	<u>\$ 2,918,658</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$1,516,212 in contingent rentals in fiscal year 2006.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,901	\$ 2,492,037
Buildings	28,365,271	5,872,273
Less accumulated depreciation	(1,162,864)	(570,887)
Total	<u>\$ 27,768,308</u>	<u>\$ 7,793,423</u>

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**G. Other Assets**

Other assets are comprised of the following:

	Capital Projects Fund	Proprietary Fund
Investment of bond proceeds	\$ 4,325,377	\$ 693,148
Deposits	-	15,000
Bond issuance costs (net of amortization)	-	<u>103,767</u>
Total	<u>\$ 4,325,377</u>	<u>\$ 811,915</u>

**H. Unearned Revenue**

General Fund unearned revenue consists of \$1,534,177 in deferred taxes and \$83,704 of advance deposits. Community Development Block Grant and Other Governmental Funds unearned revenue of \$3,997,562 and \$296,120, respectively, represents future revenue equal to loans made pursuant to the Community Development, Urban Development Action Grants and Economic Incentive Revolving Loan Fund. Under the terms of these grants, loans made are recognized as an expenditure in the Special Revenue Fund when they occur. Further, in accordance with regulations governing such funds, the repayments of such loans are considered program income as received and are available to the recipient for additional use within the program. Proprietary Funds unearned revenue of \$108,520 represents advance deposits.

**I. Long-Term Debt**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital additions. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund general obligation bonds and extinguish an existing retirement liability. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds.

The original amount of general obligation bonds issued is \$142,925,900. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2006:

Bonds and notes payable at June 30, 2005	\$ 106,193,307
Add: principal additions	7,183,000
Less: principal repayments	<u>6,591,715</u>
Bonds and notes payable at June 30, 2006	<u>\$ 106,784,592</u>

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

**DETAILED NOTES ON ALL FUNDS, CONTINUED**

Bonds and notes payable at June 30, 2006 are comprised of the following:

	Fiscal year of maturity	Interest rate	Governmental activities		Business-type activities	Total June 30, 2006
			City	School		
Long-term debt:						
Public improvements - 1988	2008	7.37% - 8.60%	\$ -	\$ -	\$ 200,000	\$ 200,000
Treatment Plant	2011	7.00% - 7.10%	-	-	6,650,000	6,650,000
Combined sewer overflow	2014	2.46%	-	-	745,600	745,600
Combined sewer overflow	2014	2.45%	-	-	794,400	794,400
Public improvements - 1996	2016	5.05% - 5.85%	350,000	-	-	350,000
Combined sewer overflow	2017	3.52%	-	-	1,808,618	1,808,618
Tax increment financing note*	2016	6.00% - 6.90%	695,000	-	-	695,000
Public improvements - 1996	2017	5.35% - 6.50%	975,000	-	-	975,000
Combined sewer overflow	2018	3.03%	-	-	1,597,639	1,597,639
Public improvements - 1997	2018	4.875% - 5.3%	2,333,550	2,475,000	1,191,450	6,000,000
Tax increment financing note*	2018	6.19%	220,000	-	-	220,000
Public improvement - 1999	2019	4.20%	1,086,900	-	983,100	2,070,000
Maine Business Enter Park	2018	5.00%	-	-	184,807	184,807
Public improvements - 2000	2020	5.25% - 5.90%	1,115,262	-	1,224,738	2,340,000
Public improvements - 2001	2021	4.25% - 5.00%	1,022,000	166,000	3,347,000	4,535,000
State Revolving Renovation - School	2011	0.00%	-	284,300	-	284,300
Public improvements note*	2012	6.25%	618,590	-	-	618,590
Public improvements - 2002	2022	3.50% - 4.75%	3,722,000	3,600,000	1,483,000	8,805,000
Pension obligation bonds	2026	3.06% - 6.45%	26,019,152	1,651,705	5,539,143	33,210,000
Refunding bonds	2024	3.06% - 3.47%	589,760	2,419,764	4,490,476	7,500,000
Combined sewer overflow	2023	1.94%	-	-	2,598,999	2,598,999
State Revolving Renovation - School	2008	0.00%	-	24,942	-	24,942
Public improvements note*	2012	2.50% - 4.00%	-	-	202,036	202,036
Tax increment financing note*	2015	2.50% - 4.00%	143,088	-	-	143,088
Briggs Building note	2023	6.50%	-	-	1,173,291	1,173,291
Refunding/public improvements - 2004	2023	2.50% - 4.80%	3,512,850	1,150,500	3,031,650	7,695,000
Combined sewer overflow	2024	1.41%	-	-	2,540,282	2,540,282
Public improvements - 2005	2024	3.50% - 4.30%	2,495,000	-	950,000	3,445,000
Airport building sprinklers	2024	3.25% - 5.00%	-	-	2,195,000	2,195,000
Chancellor's property note	2025	5.00%	-	-	2,250,000	2,250,000
Public improvements/refunding	2025	4.00% - 4.20%	4,333,000	-	600,000	4,933,000

Total bonds and notes payable \$49,231,152 \$11,772,211 \$45,781,229 \$106,784,592

\* Five series of general obligation notes aggregating \$1,878,714 are held by the City's Airport Fund at fixed, taxable market rates of interest. These notes are structured with a put feature, which, upon certain precedent conditions, allows the Airport to present them for redemption to the City's General Fund. It is management's intention, should a put occur, to fund it by passing the note along to its Sewer Fund, where it will be converted to a three to five year fixed note with level debt service, albeit without a put option.

Annual debt service requirements to maturity for general obligation bonds and notes payable are as follows:

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 4,237,095	\$ 3,082,695	\$ 3,971,277	\$ 1,768,678
2008	3,123,243	2,989,606	4,002,102	1,640,004
2009	3,210,336	2,866,055	3,928,438	1,498,258
2010	3,138,237	2,733,997	3,927,669	1,356,746
2011	2,971,863	2,605,986	3,677,864	1,220,496
2012-2016	15,149,713	10,864,276	12,353,945	4,432,980
2017-2021	14,079,236	6,987,205	8,406,802	2,473,541
2022-2026	15,093,640	2,863,669	5,513,132	796,847
Total	<u>\$61,003,363</u>	<u>\$ 34,993,489</u>	<u>\$ 45,781,229</u>	<u>\$ 15,187,550</u>



**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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The City is subject to the laws of the State of Maine, which limits the amount of long-term debt to 15% of the state's assessed valuation of the City. At June 30, 2006, the statutory limit for the City was \$309,495,000. The City's outstanding long-term debt of \$106,784,592 at June 30, 2006 was within the statutory limit.

**Advance and Current Refunding**

In prior years, the City defeased certain general obligation bonds which reduced debt service payments in governmental and business-type funds by \$408,000 and \$302,000, respectively. This transaction placed the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2006, \$1,288,400 and \$3,006,600 of the governmental and business-type activities, respectively, are considered defeased. Within the Proprietary Funds the advance refunding transaction gave rise to a deferred amount on refunding. The deferred amount on refunding is being amortized over the remaining life of the original bonds.

In June 2006, the City issued \$1,265,000 of general obligation bonds for a current refunding of its' 1995 and 1996 issues in the amount of \$1,215,000. The refunding payment occurred in August 2006. The refunding was undertaken to reduce total future debt service payments by \$54,355 over the next 10 years. The final maturity date of the original issue was not extended.

**Authorized and Unissued**

On September 26, 2005, the City Council authorized the issuance of up to \$6,868,831 in general obligations bonds for various purposes. As of June 30, 2006, \$5,400,000 remains authorized and unissued. The unissued amount is comprised of the following projects; \$1,900,000 for construction, demolition, engineering and furniture & fixtures associated with the police stations, \$2,000,000 for the annual combined sewer overflow program, and \$1,500,000 for the construction, demolition, engineering and furnishing of Fire Station 6.

On March 27, 2006, the City Council authorized the issuance of up to \$455,000 in general obligation bonds for the purpose of renovating and rehabilitating property located at 103 Texas Avenue. As of June 30, 2006, \$255,000 remains authorized and unissued. The City expects to issue the debt within the next fiscal year.

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**Overlapping Debt**

In addition to the bonds and notes payable, the City is contingently responsible for a proportionate share of the following overlapping debt as of June 30, 2006:

<u>Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to the City</u>	<u>City's Share of Debt</u>
General obligation bonds	\$106,784,592	100.00%	\$106,784,592
Penobscot County	263,415	23.64%	62,271
	<u>\$107,048,007</u>		<u>\$106,846,863</u>

This results in a ratio of City and overlapping debt to April 1, 2005 assessed valuation of 5.19%.

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation debt	\$ 59,419,229	4,333,000	2,748,866	61,003,363	4,237,095
Accrued compensated absences *	1,903,919	1,384,282	1,349,743	1,938,458	1,374,229
Long-term obligation for self insurance	1,993,456	393,614	556,652	1,830,418	607,890
<b>Governmental activities long-term liabilities</b>	<b>\$ 63,316,604</b>	<b>6,110,896</b>	<b>4,655,261</b>	<b>64,772,239</b>	<b>6,219,214</b>
<b>Business type activities:</b>					
General obligation debt	46,774,080	2,850,000	3,842,849	45,781,229	3,971,277
Accrued compensated absences	281,810	368,400	321,873	328,337	328,337
Long-term obligation for self insurance	285,899	42,639	42,639	285,899	137,247
Deferred amount on refunding	(152,570)	-	(46,209)	(106,361)	(37,889)
Other	493,248	6,633	-	499,881	-
<b>Business type activities long-term liabilities</b>	<b>\$ 47,682,467</b>	<b>3,267,672</b>	<b>4,161,152</b>	<b>46,788,985</b>	<b>4,398,972</b>

\* - The liquidation of compensated absences is fully covered within the General Fund

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**J. Fund Balances**

**Permanent Funds**

As of June 30, 2006, the fund balances by purpose were as follows:

	Restricted Nonexpendable Trust Principal	Unrestricted Permanent Funds
Cemetery	\$ 369,024	\$ 4,467
Parks	14,538	67,679
City Missionary	16,511	51,404
Education	44,138	55,830
Aid for Aged Women	43,067	63,848
Other Purposes	30,871	106,994
	<u>\$ 518,149</u>	<u>\$ 350,222</u>
Total nonmajor permanent funds		

**Dedicated Revenue Funds - Special Revenue Funds**

As of June 30, 2006, the fund balances by purpose were as follows:

Dental Clinic	\$ 108,096
Preservation of Records	127
Adopt a Park	87,673
Park Woods Children	3,942
City Forest	160,430
BFD Imaging	8,075
Park Woods Complex	316,653
USS Maine Monument	13,009
Kenduskeag Stream Trail	4
Skate Park	858
Tricentennial	718
	<u>\$ 699,585</u>
Total dedicated revenue funds	

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**DETAILED NOTES ON ALL FUNDS, CONTINUED**

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**Designated Fund Balance**

Designated fund balance of the General Fund at June 30, 2006 consists of amounts, which the City intends to use for the following purposes:

Departmental balances carried forward	\$ 107,211
School department – regular	1,492,013
adult education	118,703
reading assessment	21,183
special revenue	139,107
school lunch	44,741
trust and agency	<u>204,589</u>
Total balances carried	<u>2,127,547</u>
Accrued summer teacher payroll	(2,446,897)
Pooled equipment	375,083
Bus equipment	44,064
Fire equipment	119,489
Improvement	436,876
Self insurance	1,830,418
Cameron stadium	126,574
Landfill closure	9,531
Cascade park maintenance	61,032
Demolition	1,348
PEG capital support	105,507
Pickering Square development district	90,513
Parks & Rec Improvement	(191,161)
Amounts due from Bangor Nursing & Rehabilitation Center	217,811
Pension obligation bond savings	290,661
Arbitrage rebate	<u>231,637</u>
	<u>\$ 3,430,033</u>

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**OTHER INFORMATION**

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**A. Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the City either carries commercial insurance or is self-insured. The City currently reports all of its risk management activities in the General and Proprietary Funds. Claims expenditure, liabilities and reserves are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**OTHER INFORMATION, CONTINUED**

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The City purchases coverage under a number of commercially available insurance policies such as; commercial general liability, auto, property damage and crime and dishonesty, each with limits and deductibles deemed prudent given the risks, cost of coverage and the City's ability to fund certain types of losses. For those claims covered by commercial insurance, the amount of settlements has not exceeded the coverage for the years ended June 30, 2006, 2005 and 2004. The City is self-insured for its workers' compensation liability. Reserves are actuarially determined each year to assure funding adequacy. In addition, the City purchases excess workers' compensation insurance to limit its financial risk.

At June 30, 2006, the amount of self-insurance liabilities was \$2,116,317. This liability is the City's best estimate based on available information. Changes in the reported liabilities since July 1, 2004 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
Unpaid claims as of July 1, 2004	\$ 2,462,242	\$ 154,286	\$ 2,616,528
Incurred claims	355,797	-	355,797
Payments	(650,232)	(1,254)	(651,486)
Changes in estimates and other adjustments	(96,205)	54,721	(41,484)
Unpaid claims as of July 1, 2005	2,071,602	207,753	2,279,355
Incurred claims	109,458	-	109,458
Payments	(596,737)	(2,554)	(599,291)
Changes in estimates and other adjustments	317,630	9,165	326,795
Unpaid claims as of June 30, 2006	<u>\$ 1,901,953</u>	<u>\$ 214,364</u>	<u>\$ 2,116,317</u>

**B. Tax Increment Financing Districts**

The City has established tax increment financing districts, all of which dedicate a portion of the incremental increase in real estate and/or personal property tax revenues over staggered twenty year periods for the following purposes:

B.I.A. Municipal Development District No. 1 – Partially financed \$27.5 million dollars of capital expenditures at manufacturing facilities leased by General Electric Company.

Main Street Municipal Development District – Assisted Penobscot Development Limited Liability Company in financing the extraordinary costs of acquisition and environmental remediation of the former Gasworks site on Main Street, ultimately to provide land area necessary for the construction of a 54,000 square foot supermarket in a Community Development project area.

Pickering Square Municipal Development District – Assisted Realty Resources Chartered in a major redevelopment project that converted the former Freese's department store building into affordable housing units.

Downtown Municipal Development District – To partially finance in excess of \$70 million dollars of infrastructure improvements within the boundaries of the district.

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**OTHER INFORMATION, CONTINUED**

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**C. Contingent Liabilities**

In February 1998, the City was served Notification of Potential Liability by the Federal Environmental Protection Agency (EPA) in connection with that agency's efforts to clean up a disposal site. The City is among approximately 500 potentially responsible parties. At this time, the group is in the process of implementing the remedy for the off-site area and continue to negotiate with the EPA for the final remedy of the on-site area. The EPA is expected to issue its second Record of Decision for the site by the end of 2006. It is expected that a final settlement will occur during 2007. At this point it is not possible to estimate the cost of designing and implementing the final remedy.

In 2002, the City filed suit against a potentially responsible party to force cleanup of contamination of the Penobscot River bottom due to the inability to reach settlement. In September of 2005, the U.S. District Court issued an Order finding that the City is responsible for 40% of the remediation costs. In the absence of a settlement, the nature and cost of the remediation, which could range from \$6 - \$14 million, will be determined during in the upcoming year.

The City is a party to various other lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

**D. Retirement**

The City of Bangor provides retirement pensions for its employees through a number of vehicles, including a defined contribution plan, defined benefit pension plan and social security.

**Defined Contribution Plan**

Description of the Plan - The City provides pension benefits for certain employees through a 401(a) defined contribution plan administered by ICMA/RC. In addition certain full-time employees are covered through both a 401 (a) and 457 Deferred Compensation Plans (DCP) also administered by ICMA/RC. In a DCP, benefits depend solely on amounts contributed to the plan plus investment earnings. Covered employees are eligible to participate and are fully vested from the date of employment.

Funding Policy - Plan members not covered by employment contracts are required to contribute 6.5% of their annual covered salary and the City is required to contribute either 8% or 10% depending upon the employee's classification. For fiscal year 2006 covered payroll was \$8,424,406 and City contributions were \$720,407. For those plan members that have employment contracts, the City contributes at various rates from 8% - 15% of annual earnings. The covered payroll and City contributions for those employees with employment contracts approximated \$525,928 and \$57,851 respectively, in fiscal year 2006.



**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**OTHER INFORMATION, CONTINUED**

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**Defined Benefit Pension Plan**

Description of the Plan — The City contributes to the Maine State Retirement System Consolidated Plan, a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine State Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the state legislature. The Maine State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine State Retirement, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy — Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute an actuarially determined rate. The current rate ranges from 2.80% to 6.50% of annual covered payroll. The contribution rates of plan members and the City are established and may be amended by the Maine State Retirement System Board of Trustees. The City's contributions to the Maine State Retirement System Consolidated Plan for the years ended June 30, 2006, 2005, and 2004 were \$701,017, \$692,119, and \$667,705 respectively, equal to the required contributions for each year.

**Teachers Group**

Description of the Plan - All school teachers, plus other qualified educators, participate in the Maine State Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine State Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the state legislature. The Maine State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine State Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy — Plan members are required to contribute 7.65% of their compensation to the retirement system. The same statute requires the State of Maine Department of Education, to contribute the employer contribution, which amounts to \$4,553,481 (19.15%) for the fiscal year 2006. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements. There is no contribution required by the school department except for federally funded teachers, for which they contributed 19.15% of their compensation. This cost is charged to the applicable grant.

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**CITY OF BANGOR, MAINE**  
**Notes to Financial Statements, Continued**

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**OTHER INFORMATION, CONTINUED**

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**Social Security**

The City does not have a section 218 agreement to provide full social security coverage to its employees. The City does provide full social security coverage to part-time, seasonal and temporary employees under the Omnibus Budget Reconciliation Act of 1990, and Internal Revenue Service regulations, which became effective July 1, 1991.

**E. Landfill Closure and Postclosure Care Costs**

Closure of the City's Kittredge Road landfill was completed during the fiscal year ended June 30, 2000. Potential postclosure costs have been deemed immaterial, and therefore no liability for these amounts has been accrued. All necessary postclosure costs will be funded from the annual operating budget.

**F. Subsequent Events**

On August 14, 2006, the City Council authorized the issuance of \$655,000 in general obligation bonds for the purpose of funding the City's annual fleet replacement.

The City Charter requires maintaining the City's undesignated/unreserved fund balance at between 5% and 10% of the previous year's expenditures, net of debt service. As policy, the City has targeted 7.5% as a reasonable balance. At June 30, 2006, this balance exceeded the City policy of 7.5% by \$1,722,351. Further City policy prescribes uses for these excess funds, and the Council has been presented with a series of options for the surplus funds. Thus far, Council has appropriated funds from the undesignated/unreserved fund balance in the amount of \$1,000,000 to fund further environmental assessment of the Penobscot river as well as legal costs.

## **GENERAL FUND**

The General Fund is used to account for resources traditionally associated with the government, which are not required legally or by sound financial management, to be accounted for in another fund.

## CITY OF BANGOR, MAINE

## Balance Sheet

## General Fund

June 30, 2006

**ASSETS**

Cash	\$ 322,587
Investments	10,655,899
Receivables:	
Taxes	1,671,122
Accounts (net of allowance of \$267,648)	855,256
Interfund loans	2,264,233
Intergovernmental	1,478,059
Loans	1,173,291
Inventory, at cost	637,133
Prepaid items	36,299

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<b>Total assets</b>	<b>\$ 19,093,879</b>
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**LIABILITIES AND FUND BALANCE**

## Liabilities

Accounts payable	\$ 863,973
Accrued wages and benefits payable	3,594,767
Unearned revenue	1,617,881
<b>Total liabilities</b>	<b>6,076,621</b>

## Fund balance

## Reserved for:

Encumbrances	719,831
Prepaid items	36,299
Advances to other funds	1,432,689

## Unreserved:

Designated (Note J)	3,430,033
Undesignated	7,398,406

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<b>Total fund balance</b>	<b>13,017,258</b>
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<b>Total liabilities and fund balance</b>	<b>\$ 19,093,879</b>
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**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Undesignated**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2006**

	Balances			Variance	
	Carried				
	7/1/2005	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 40,428,424	\$ 40,481,718	\$ 53,294	\$ -
Change in deferred property tax	-	-	274,570	274,570	-
Tax increment financing district	-	(1,132,337)	(1,064,448)	67,889	-
Payment in lieu of taxes	-	156,500	160,457	3,957	-
Excise	-	4,278,500	4,752,852	474,352	-
Interest on delinquent taxes	-	200,000	185,040	(14,960)	-
Total taxes	-	43,931,087	44,790,189	859,102	-
Intergovernmental					
State revenue sharing	-	3,900,000	4,069,815	169,815	-
School subsidy	-	13,507,418	13,507,418	-	-
Other -					
municipal	-	1,994,792	2,309,535	314,743	-
school	-	3,356,989	3,555,740	-	198,751
Total intergovernmental	-	22,759,199	23,442,508	484,558	198,751
Other revenue					
Licenses and permits	-	451,900	538,534	86,634	-
Charges for service -					
municipal	-	7,012,610	7,631,324	618,714	-
school	-	4,604,854	4,561,352	-	(43,502)
Fines, forfeits and penalties	-	28,650	36,195	7,545	-
Revenue from use of money and property -					
municipal	-	677,623	751,995	74,372	-
Total other	-	12,775,637	13,519,400	787,265	(43,502)
Total revenues	-	79,465,923	81,752,097	2,130,925	155,249

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Undesignated**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2006**

	Balances			Variance	
	Carried				
	7/1/2005	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	46,723	42,223	4,500	-
Executive	-	606,195	650,451	(44,256)	-
Human resources	25,000	94,646	101,895	11,340	6,411
City clerk	-	403,819	417,028	(13,209)	-
Assessing	-	354,972	359,637	(4,665)	-
Legal	-	280,128	272,868	7,260	-
Finance	-	1,361,086	1,360,801	285	-
Insurance	-	133,920	132,033	1,887	-
Planning, econ dev, code enforcement	-	966,389	934,325	32,064	-
Total general government	25,000	4,247,878	4,271,261	(4,794)	6,411
Public safety					
Police	-	6,272,541	6,298,440	(25,899)	-
Fire	-	6,681,942	6,638,900	(53,958)	97,000
Total public safety	-	12,954,483	12,937,340	(79,857)	97,000
Health, welfare and recreation					
Health and welfare	-	2,408,569	2,781,471	(372,902)	-
Parks and recreation	-	1,249,523	1,303,477	(53,954)	-
Total health, welfare and recreation	-	3,658,092	4,084,948	(426,856)	-
Public buildings and services	-	8,946,592	9,023,632	(77,040)	-



**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Undesignated**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2006**

	Balances			Variance	
	Carried 7/1/2005	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	2,116,355	2,116,355	-	-
Downtown Development District	-	46,314	46,314	-	-
Public library	-	1,412,477	1,412,477	-	-
Other agencies	-	262,705	258,312	593	3,800
Total other agencies	-	3,837,851	3,833,458	593	3,800
Education					
Regular	2,095,409	36,394,952	36,068,718	-	2,421,643
Adult education	73,008	636,852	528,903	-	180,957
School lunch	63,427	1,180,432	1,128,651	-	115,208
Reading assessment	21,913	10,000	729	-	31,184
Special revenue	275,179	2,372,051	2,652,059	-	(4,829)
Trust and agency	221,183	1,802,898	1,738,742	-	285,339
Total education	2,750,119	42,397,185	42,117,802	-	3,029,502
Other appropriations					
Pensions and other fringe benefits	-	1,776,237	1,748,513	27,724	-
Debt service	-	1,820,315	1,819,984	331	-
Tax increment financing payments	-	358,111	409,742	(51,631)	-
Total other appropriations	-	3,954,663	3,978,239	(23,576)	-
Total expenditures	2,775,119	79,996,744	80,246,680	(611,530)	3,136,713
Excess (deficiency) of revenues over/under expenditures	(2,775,119)	(530,821)	1,505,417	1,519,395	3,291,962

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Undesignated**  
**Fund Balance - Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2006**

	Balances			Variance	
	Carried	Budget	Actual	Surplus	Carried
	7/1/2005				
Other financing sources (uses)					
Appropriation from designated fund balance	-	1,727,053	562,639	-	(1,164,414)
Appropriation from undesignated fund balance	-	475,818	-	(475,818)	-
Appropriation to designated fund balance	-	(475,818)	(475,818)	-	-
Sale of assets	-	22,743	46,074	23,331	-
Transfers to other funds	-	(494,435)	(494,435)	-	-
Transfers from other funds	-	8,000	187,303	179,303	-
Operating transfers	-	(732,540)	(732,540)	-	-
Total other financing sources (uses)	-	530,821	(906,777)	(273,184)	(1,164,414)
Net change in fund balance	\$ (2,775,119)	\$ -	\$ 598,640	1,246,211	\$ 2,127,548
Undesignated fund balance, beginning of year				6,152,195	
Undesignated fund balance, end of year				\$ 7,398,406	

# **NONMAJOR GOVERNMENTAL FUNDS**

## **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Other HUD Funds – This is used to account for 1) federal grants obtained and expended under the Housing and Community Development Act of 1974, as amended, for the redevelopment of the downtown commercial core of the City and 2) low interest loans to businesses within the City of Bangor for establishment, expansion or redevelopment purposes.

Grant Fund – Accounts for federal and state grants that are legally restricted to expenditures allowable by the grantor agency.

Dedicated Revenue Funds – Accounts for amounts raised or donated to benefit various governmental programs such as; the Dental Clinic, local parks, City forest and Park Woods complex.

Other Funds – Accounts for funds held to be used in future periods such as tax financing district repayments and other community funds for capital expenditures relating to the operation of the area transportation system

## **Permanent Fund**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>			
Cash	\$ 127,447	\$ -	\$ 127,447
Investments	276,467	106,897	383,364
Receivables:			
Loans	1,677,748	895,628	2,573,376
Interfund loans	144,090	-	144,090
Intergovernmental	269,298	-	269,298
<b>Total assets</b>	<b>\$ 2,495,050</b>	<b>\$ 1,002,525</b>	<b>\$ 3,497,575</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 66,244	\$ -	\$ 66,244
Unearned revenue	296,120	-	296,120
Interfund loans	473,068	-	473,068
<b>Total liabilities</b>	<b>835,432</b>	<b>-</b>	<b>835,432</b>
<b>Fund balances</b>			
Reserved for:			
Encumbrance	628	-	628
Principal	-	652,303	652,303
Unreserved, undesignated	1,658,990	350,222	2,009,212
<b>Total fund balances</b>	<b>1,659,618</b>	<b>1,002,525</b>	<b>2,662,143</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,495,050</b>	<b>\$ 1,002,525</b>	<b>\$ 3,497,575</b>

**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 1,064,448	\$ -	\$ 1,064,448
Intergovernmental	4,264,208	-	4,264,208
Charges for services	560,280	-	560,280
Program income	319,773	-	319,773
Revenue from use of money and property	53,117	-	53,117
Other revenue	53,209	3,450	56,659
Interest revenue	-	16,572	16,572
Total revenues	6,315,035	20,022	6,335,057
Expenditures			
Current:			
Personnel	435,342	-	435,342
Equipment	33,320	-	33,320
Payments to beneficiaries	1,229,778	-	1,229,778
Other	2,695,526	-	2,695,526
Bus operations	1,644,210	-	1,644,210
Program expenditures	-	3,774	3,774
Total expenditures	6,038,176	3,774	6,041,950
Excess (deficiency) of revenues over (under) expenditures	276,859	16,248	293,107
Other financing sources (uses)			
Transfer to other funds	(501,484)	(30,500)	(531,984)
Transfer from other funds	5,269	859	6,128
Total other financing sources (uses)	(496,215)	(29,641)	(525,856)
Net change in fund balances	(219,356)	(13,393)	(232,749)
Fund balances, beginning of year	1,878,974	1,015,918	2,894,892
Fund balances, end of year	\$ 1,659,618	\$ 1,002,525	\$ 2,662,143

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2006**

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals 2006
<b>ASSETS</b>					
Cash	\$ 127,447	\$ -	\$ -	\$ -	127,447
Investments	-	-	-	276,467	276,467
Receivables:					
Loans	296,120	-	699,585	682,043	1,677,748
Interfund loans	144,090	-	-	-	144,090
Intergovernmental	-	269,298	-	-	269,298
<b>Total assets</b>	<b>\$ 567,657</b>	<b>\$ 269,298</b>	<b>\$ 699,585</b>	<b>\$ 958,510</b>	<b>\$ 2,495,050</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 64,734	\$ -	\$ 1,510	\$ 66,244
Unearned revenue	296,120	-	-	-	296,120
Interfund loans payable	-	144,090	-	328,978	473,068
<b>Total liabilities</b>	<b>296,120</b>	<b>208,824</b>	<b>-</b>	<b>330,488</b>	<b>835,432</b>
<b>Fund balances</b>					
Reserved for:					
Encumbrances	-	628	-	-	628
Unreserved:					
Undesignated	271,537	59,846	699,585	628,022	1,658,990
<b>Total fund balances</b>	<b>271,537</b>	<b>60,474</b>	<b>699,585</b>	<b>628,022</b>	<b>1,659,618</b>
<b>Total liabilities and fund balances</b>	<b>\$ 567,657</b>	<b>\$ 269,298</b>	<b>\$ 699,585</b>	<b>\$ 958,510</b>	<b>\$ 2,495,050</b>

**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2006**

	Other HUD Funds	Grant Fund	Dedicated Revenue Funds	Other	Totals 2006
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 1,064,448	\$ 1,064,448
Intergovernmental	-	4,264,208	-	-	4,264,208
Charges for services	-	560,280	-	-	560,280
Program income	319,773	-	-	-	319,773
Revenue from use of money and property	10,267	-	8,678	34,172	53,117
Contributions	-	-	40,775	12,434	53,209
<b>Total revenues</b>	<b>330,040</b>	<b>4,824,488</b>	<b>49,453</b>	<b>1,111,054</b>	<b>6,315,035</b>
<b>Expenditures</b>					
Personnel	-	435,342	-	-	435,342
Equipment	-	33,320	-	-	33,320
Payments to beneficiaries	135,609	-	697	1,093,472	1,229,778
Other	1,476	2,671,898	-	22,152	2,695,526
Bus operations	-	1,644,210	-	-	1,644,210
<b>Total expenditures</b>	<b>137,085</b>	<b>4,784,770</b>	<b>697</b>	<b>1,115,624</b>	<b>6,038,176</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>192,955</b>	<b>39,718</b>	<b>48,756</b>	<b>(4,570)</b>	<b>276,859</b>
<b>Other financing sources (uses)</b>					
Transfers to other funds	(300,000)	-	(194,484)	(7,000)	(501,484)
Transfers from other funds	-	5,000	269	-	5,269
<b>Total other financing sources (uses)</b>	<b>(300,000)</b>	<b>5,000</b>	<b>(194,215)</b>	<b>(7,000)</b>	<b>(496,215)</b>
<b>Net change in fund balances</b>	<b>(107,045)</b>	<b>44,718</b>	<b>(145,459)</b>	<b>(11,570)</b>	<b>(219,356)</b>
<b>Fund balances, beginning of year</b>	<b>378,582</b>	<b>15,756</b>	<b>845,044</b>	<b>639,592</b>	<b>1,878,974</b>
<b>Fund balances, end of year</b>	<b>\$ 271,537</b>	<b>\$ 60,474</b>	<b>\$ 699,585</b>	<b>\$ 628,022</b>	<b>\$ 1,659,618</b>

**CITY OF BANGOR, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2006**

	Other Funds	Revolving Loan Funds	Totals
<b>ASSETS</b>			
Investments	\$ -	\$ 106,897	\$ 106,897
Loans receivable	868,371	27,257	895,628
<b>Total assets</b>	<b>\$ 868,371</b>	<b>\$ 134,154</b>	<b>\$ 1,002,525</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balances			
Principal	518,149	134,154	652,303
Unexpended income	350,222	-	350,222
<b>Total fund balances</b>	<b>868,371</b>	<b>134,154</b>	<b>1,002,525</b>
<b>Total liabilities and and fund balances</b>	<b>\$ 868,371</b>	<b>\$ 134,154</b>	<b>\$ 1,002,525</b>



**CITY OF BANGOR, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Fiscal Year Ended June 30, 2006**

	<b>Other Funds</b>	<b>Revolving Loan Funds</b>	<b>Totals</b>
<b>Revenues</b>			
Investment income	\$ 10,767	\$ 5,805	\$ 16,572
Lot sales	3,450	-	3,450
Total revenues	14,217	5,805	20,022
<b>Expenditures</b>			
Current:			
Payments to beneficiaries	364	2,400	2,764
Other miscellaneous	-	1,010	1,010
Total expenditures	364	3,410	3,774
<b>Other financing sources (uses)</b>			
Transfer to other funds	(30,500)	-	(30,500)
Transfer from other funds	859	-	859
Total financing sources (uses)	(29,641)	-	(29,641)
Net change in fund balances	(15,788)	2,395	(13,393)
Fund balances, beginning of year	884,159	131,759	1,015,918
<b>Fund balances, end of year</b>	<b>\$ 868,371</b>	<b>\$ 134,154</b>	<b>\$ 1,002,525</b>

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## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the government is to have the costs of providing goods or services to the general public financed or recovered primarily through user charges. The government has decided that periodic determination of net income is appropriate for accountability purposes.

**Sewer Utility Fund** – This fund accounts for the costs of construction and operation of the Sewage Treatment Plant, the City sewer system, and sewer operation activities, and is self-supported through sewer user fees.

**Airport Fund** – This fund accounts for the operation of Bangor International Airport. The principal sources of revenues are landing fees and the sale of aviation fuel. Other revenue sources include lease payments for the use of terminal space and non-aviation industrial buildings.

**Park Woods** – This fund accounts for the rental of 60 units of surplus housing received from the federal government pursuant to the McKinney Homeless Assistance Act. The principal source of revenue is rental income.

**Parking Fund** – This fund accounts for the operation of the City-owned parking lots and the Pickering Square garage. Revenue sources include monthly lease payments for parking spaces, hourly/daily parking fees, and fines and waiver fees for parking violations. Certain of these facilities are operated under a private management contract.

**Bass Park Fund** – This fund accounts for the operation of the Bangor auditorium, Bangor Civic Center, and Bangor State Fair. Principal sources of revenue are admissions, concession sales, and rentals. The fund is named after the Bass family, which bequeathed the property to the City for recreational purposes.

**Municipal Golf Course** – This fund accounts for the operation of a 27 hole municipal golf course. Principal revenue sources are season memberships and daily green fees.

**Economic Development Fund** – This fund accounts for the operation and development of properties acquired by the City. Its purpose is to promote economic growth within the City. The principal source of revenue is rental income.

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Sewer Utility Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Charges for services	\$ 6,135,900	\$ 6,188,273	\$ 52,373
Interest and other revenue	1,161,599	75,375	(1,086,224)
<b>Total revenues</b>	<b>7,297,499</b>	<b>6,263,648</b>	<b>(1,033,851)</b>
<b>Expenditures and encumbrances</b>			
Salaries	955,368	955,633	(265)
Fringe benefits	259,843	249,337	10,506
Supplies and materials	1,016,292	860,630	155,662
Contractual services	614,971	597,420	17,551
Interfund charges	521,291	549,806	(28,515)
Miscellaneous	17,700	11,513	6,187
Debt service	3,705,089	3,661,111	43,978
Depreciation	1,598,795	1,423,218	175,577
Outlay	206,945	40,160	166,785
<b>Total expenditures and encumbrances</b>	<b>8,896,294</b>	<b>8,348,828</b>	<b>547,466</b>
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>	<b>\$ (1,598,795)</b>	<b>\$ (2,085,180)</b>	<b>\$ (486,385)</b>

CITY OF BANGOR, MAINE  
 Schedule of Revenues, Expenditures and Encumbrances  
 Budget and Actual - Budgetary Basis  
 Airport Fund - Enterprise Fund  
 For the Fiscal Year Ended June 30, 2006

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 11,034,550	\$ 12,074,504	\$ 1,039,954
Interest and other revenue	636,228	1,003,758	367,530
Total revenues	11,670,778	13,078,262	1,407,484
Expenditures and encumbrances			
Salaries	4,174,174	4,144,343	29,831
Fringe benefits	934,954	813,881	121,073
Supplies and materials	1,734,050	2,064,399	(330,349)
Contractual services	1,931,380	1,701,134	230,246
Interfund charges	582,900	700,160	(117,260)
Miscellaneous	86,800	136,111	(49,311)
Debt service	882,299	882,173	126
Depreciation	6,228,000	6,613,306	(385,306)
Outlay	1,267,400	545,519	721,881
Credits	(8,000)	(26,279)	18,279
Total expenditures and encumbrances	17,813,957	17,574,747	239,210
Excess (deficiency) of revenues over/under			
Excess expenditures and encumbrances			
and encumbrances	\$ (6,143,179)	\$ (4,496,485)	\$ 1,646,694

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Park Woods - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services	\$ 296,102	\$ 287,452	\$ (8,650)
Operating transfer	28,009	28,009	-
Interest and other revenue	-	417	417
Total revenues	324,111	315,878	(8,233)
Expenditures and encumbrances			
Salaries	61,990	63,156	(1,166)
Fringe benefits	11,991	11,364	627
Supplies and materials	114,750	138,279	(23,529)
Contractual services	130,560	144,915	(14,355)
Interfund charges	4,570	5,689	(1,119)
Miscellaneous	-	50	(50)
Depreciation	89,123	89,123	-
Outlay	250	295	(45)
Total expenditures and encumbrances	413,234	452,871	(39,637)
Excess (deficiency) of revenues over/under expenditures and encumbrances	\$ (89,123)	\$ (136,993)	\$ (47,870)

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Parking Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2006**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for services	\$ 958,000	\$ 957,781	\$ (219)
Operating transfer	310,268	310,268	-
Interest and other revenue	-	7,806	7,806
Total revenues	1,268,268	1,275,855	7,587
<b>Expenditures and encumbrances</b>			
Salaries	153,374	158,689	(5,315)
Fringe benefits	36,547	34,230	2,317
Supplies and materials	6,450	4,257	2,193
Contractual services	326,970	317,954	9,016
Interfund charges	88,000	86,705	1,295
Debt service	655,383	655,383	-
Depreciation	478,381	478,381	-
Outlay	1,544	2,135	(591)
Total expenditures and encumbrances	1,746,649	1,737,734	8,915
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>	<b>\$ (478,381)</b>	<b>\$ (461,879)</b>	<b>\$ 16,502</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Bass Park Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2006**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 1,320,300	\$ 1,460,931	\$ 140,631
Operating transfer	452,772	452,772	-
Interest and other revenue	-	1,142	1,142
<b>Total revenues</b>	<b>1,773,072</b>	<b>1,914,845</b>	<b>141,773</b>
<b>Expenditures and encumbrances</b>			
Salaries	640,028	653,085	(13,057)
Fringe benefits	125,061	135,101	(10,040)
Supplies and materials	249,200	315,160	(65,960)
Contractual services	380,870	404,465	(23,595)
Interfund charges	125,525	150,429	(24,904)
Miscellaneous	65,000	59,929	5,071
Debt service	197,388	198,837	(1,449)
Depreciation	176,175	88,436	87,739
Credits	(10,000)	-	(10,000)
<b>Total expenditures and encumbrances</b>	<b>1,949,247</b>	<b>2,005,442</b>	<b>(56,195)</b>
<b>Excess (deficiency) of revenues over/under</b>			
<b>Expenditures and encumbrances</b>	<b>\$ (176,175)</b>	<b>\$ (90,597)</b>	<b>\$ 85,578</b>



**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Municipal Golf Course - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2006**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 663,000	\$ 604,365	\$ (58,635)
Interest and other revenue	12,000	35,610	23,610
<b>Total revenues</b>	<b>675,000</b>	<b>639,975</b>	<b>(35,025)</b>
<b>Expenditures and encumbrances</b>			
Salaries	243,374	248,490	(5,116)
Fringe benefits	44,210	43,595	615
Supplies and materials	62,340	72,773	(10,433)
Contractual services	71,500	54,934	16,566
Interfund charges	150,966	61,801	89,165
Debt service	6,610	6,610	-
Depreciation	98,221	100,099	(1,878)
Outlay	96,000	92,400	3,600
<b>Total expenditures and encumbrances</b>	<b>773,221</b>	<b>680,702</b>	<b>92,519</b>
<b>Excess (deficiency) of revenues over expenditures</b>			
<b>Excess of revenues over expenditures and encumbrances</b>	<b>\$ (98,221)</b>	<b>\$ (40,727)</b>	<b>\$ 57,494</b>

**CITY OF BANGOR, MAINE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**Budget and Actual - Budgetary Basis**  
**Economic Development Fund - Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2006**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Charges for services	\$ 240,993	\$ 331,541	\$ 90,548
Interest and other revenue	48,473	39,473	(9,000)
<b>Total revenues</b>	<b>289,466</b>	<b>371,014</b>	<b>81,548</b>
<b>Expenditures and encumbrances</b>			
Supplies and materials	29,311	31,167	(1,856)
Contractual services	44,330	145,656	(101,326)
Interfund charges	-	2,903	(2,903)
Miscellaneous	2,415	2,338	77
Debt service	222,927	222,929	(2)
Depreciation	110,895	151,371	(40,476)
Outlay	65,000	73,971	(8,971)
<b>Total expenditures and encumbrances</b>	<b>474,878</b>	<b>630,335</b>	<b>(155,457)</b>
<b>Excess (deficiency) of revenues over expenditures and encumbrances</b>	<b>\$ (185,412)</b>	<b>\$ (259,321)</b>	<b>\$ (73,909)</b>
<b>Excess (deficiency) of revenues over/under expenditures and encumbrances</b>			

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others.

Agency Funds – Agency Funds are used to account for situations where the City's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

**CITY OF BANGOR, MAINE**  
**Statement of Change in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2006**

		<b>Balance</b>			<b>Balance</b>
		<b>July 1, 2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2006</b>
<b>ASSETS</b>					
American Folk Festival funds	\$	145,769	598,751	722,293	22,227
Bangor Area Stormwater Group		-	5,734	-	5,734
School Activity Funds		-	358,091	270,292	87,799
<b>Total assets</b>	<b>\$</b>	<b>145,769</b>	<b>962,576</b>	<b>992,585</b>	<b>115,760</b>
<b>LIABILITIES</b>					
Funds held for American Folk Festival	\$	145,769	598,751	722,293	22,227
Funds held for Bangor Area Stormwater Group		-	5,734	-	5,734
Funds held for School Activity Funds		-	358,091	270,292	87,799
<b>Total liabilities</b>	<b>\$</b>	<b>145,769</b>	<b>962,576</b>	<b>992,585</b>	<b>115,760</b>

**CAPITAL ASSETS USED  
IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**CITY OF BANGOR, MAINE**  
**Capital Assets Used in the Operation of Governmental Funds**  
**(net of accumulated depreciation)**  
**Schedule of Changes by Function and Activity**  
**For the Fiscal Year Ended June 30, 2006**

Function and Activity	Balance 2005	Additions	Deletions	Balance 2006
General government				
Animal control	\$ 5,138	\$ -	\$ 1,469	\$ 3,669
BAT community connector	1,394,191	257,425	598,722	1,052,894
Central service	36,537	-	3,846	32,691
City clerk	13,193	30,604	1,389	42,408
City hall	353,855	195,066	34,635	514,286
Community and economic development	3,717,540	5,229,548	4,230,371	4,716,717
Engineering	39,549	29,910	17,410	52,049
Information services	586,798	45,411	87,904	544,305
Legal	8,470	-	2,420	6,050
Motor pool	3,399,920	1,057,489	552,976	3,904,433
Other - unclassified	773,896	-	74,525	699,371
Total general government	10,329,087	6,845,453	5,605,667	11,568,873
Public safety				
Fire	2,137,445	1,061,038	542,246	2,656,237
Police	2,888,368	5,273,697	550,019	7,612,046
Total public safety	5,025,813	6,334,735	1,092,265	10,268,283
Health, welfare and recreation				
Health and welfare	-	-	-	-
Parks and recreation	3,392,811	-	555,881	2,836,930
Total health, welfare and recreation	3,392,811	-	555,881	2,836,930
Public building and services				
Public works	20,247,851	2,326,028	3,556,822	19,017,057
Total public buildings and services	20,247,851	2,326,028	3,556,822	19,017,057
Education	28,246,970	876,659	1,194,189	27,929,440
Total governmental fund capital assets	\$ 67,242,532	\$ 16,382,875	\$ 12,004,824	\$ 71,620,583

## **OTHER INFORMATION**

**CITY OF BANGOR, MAINE**  
**Assessed Valuation, Commitment and Collections**  
**For the Fiscal Year Ended June 30, 2006**

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**VALUATION**

Land and buildings	\$ 1,738,078,800
Land and buildings - Homestead exemption	67,372,300
Personal property	<u>254,225,800</u>
Total valuation	<u><u>\$ 2,059,676,900</u></u>

**COMMITMENT**

Real estate and personal property (excludes Homestead exemption)	\$ 1,992,304,600
Tax rate	<u>0.02040</u>
Total commitment	40,643,014

**ADD**

Supplemental taxes committed	<u>456,976</u>
	41,099,990

**LESS**

Collections 2006	39,716,755
Abatements	<u>632,397</u>
2006 taxes receivable at June 30, 2006	<u><u>\$ 750,838</u></u>

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**CITY OF BANGOR, MAINE**  
**Undesignated Fund Balance Sufficiency Calculation**  
**For the Fiscal Year Ended June 30, 2006**

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It is the policy of the City to maintain an undesignated fund balance approximately 7.5% of operating expenditures. The following table sets forth the calculation as to the sufficiency of the June 30, 2006 undesignated fund balance.

General Fund expenditures/uses ( Schedule A-2)

General government	\$ 4,271,261
Public safety	12,937,340
Health, welfare and recreation	4,084,948
Public buildings and services	9,023,632
Other agencies	3,833,458
Education	42,117,802
Other appropriations	3,978,239
Other uses, gross*	<u>1,226,975</u>
Gross expenditures and uses	81,473,655
General Fund debt service	<u>5,792,919</u>
Net expenditures and uses	<u>\$ 75,680,736</u>
Indicated undesignated fund balance @ 7.5%	\$ 5,676,055
Actual undesignated fund balance (Schedule A-2)	\$ 7,398,406
Actual undesignated fund balance as a percentage of net expenditures and uses	9.78%
Over (under) funded status	<u>\$ 1,722,351</u>

\* excludes amounts appropriated from undesignated fund balance

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## **STATISTICAL SECTION**

Table 1

**CITY OF BANGOR, MAINE**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 33,261,947	\$ 36,123,882	\$ 41,904,750	\$ 44,381,677
Restricted	507,743	510,433	513,851	1,002,525
Unrestricted	(14,135,504)	(14,712,973)	(15,921,621)	(17,203,344)
Total governmental activities net assets	19,634,186	21,921,342	26,496,980	28,180,858
Business-type activities:				
Invested in capital assets, net of related debt	147,970,359	146,349,268	150,851,663	153,375,606
Restricted	-	-	-	-
Unrestricted	21,472,443	22,965,554	21,824,759	17,691,244
Total business-type activities net assets	169,442,802	169,314,822	172,676,422	171,066,850
Primary government:				
Invested in capital assets, net of related debt	181,232,306	182,473,150	192,756,413	197,757,283
Restricted	507,743	510,433	513,851	1,002,525
Unrestricted	7,336,939	8,252,581	5,903,138	487,900
Total primary government net assets	\$ 189,076,988	\$ 191,236,164	\$ 199,173,402	\$ 199,247,708

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

**CITY OF BANGOR, MAINE**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 6,060,687	\$ 6,487,572	\$ 6,435,386	\$ 6,947,106
Public safety	11,114,804	12,066,567	12,478,326	12,890,750
Health, welfare and recreation	3,340,989	3,606,827	4,000,249	7,301,546
Public building and services	7,050,085	7,360,360	7,609,989	8,256,266
Other agencies	3,322,395	3,273,003	3,514,658	3,610,935
Education	40,828,756	40,279,055	42,659,395	45,522,795
Unclassified	2,044,069	389,598	65,639	947,025
Restricted grants*	6,551,455	6,857,039	7,326,307	-
Community development*	-	-	-	2,419,594
Streets/Sidewalks*	-	-	-	2,911,131
Waterfront*	-	-	-	990,961
Public transportation*	-	-	-	1,798,968
Tax increment financing*	-	-	-	1,092,770
Interest on debt	740,077	3,083,447	3,166,250	3,098,248
Capital maintenance expenses*	1,824,489	2,666,118	1,674,034	-
Total governmental activities expenses	82,877,806	86,069,586	88,930,233	97,788,095
Business-type activities:				
Sewer Utility	5,744,275	5,751,710	5,859,588	5,818,127
Airport	14,489,128	15,060,963	16,368,681	16,947,056
Park Woods	449,873	531,986	598,854	540,207
Parking	1,370,737	1,431,983	1,425,508	1,322,138
Bass Park	1,944,718	1,935,653	1,889,215	1,918,111
Municipal Golf Course	575,408	626,739	592,323	647,499
Economic Development	271,047	338,795	397,881	484,264
Total business-type activities expenses	24,845,186	25,677,829	27,132,050	27,677,402
Total primary government expenses	\$ 107,722,992	\$ 111,747,415	\$ 116,062,283	\$ 125,465,497

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

\* - Amounts previously reported as restricted grants and capital maintenance expenses have been classified into new functions beginning in 2006.

Table 2 (con't)

**CITY OF BANGOR, MAINE**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government	\$ 934,540	\$ 1,103,382	\$ 1,447,058	\$ 1,672,854
Public safety	1,446,942	1,923,804	1,908,000	2,471,220
Health, welfare and recreation	647,709	624,778	674,364	756,207
Public buildings and services	3,043,886	3,537,702	3,766,334	4,076,981
Education	3,742,385	3,857,798	4,549,286	4,561,352
Unclassified	26,830	19,719	20,036	859,682
Restricted grants	5,392,472	1,368,366	1,079,690	-
Community development	-	-	-	672,459
Public transportation	-	-	-	536,491
Operating grants and contributions	21,566,478	24,743,028	25,986,614	29,577,430
Capital grants and contributions	3,814,705	2,098,577	4,117,072	3,788,485
Total governmental activities program revenues	40,615,947	39,277,154	43,548,454	48,973,161
Business-type activities:				
Charges for services				
Sewer Utility	6,569,790	6,281,870	5,970,615	6,206,605
Airport	9,291,513	11,398,518	11,527,061	12,074,504
Park Woods	283,052	279,588	310,389	287,452
Parking	807,645	892,820	943,990	963,697
Bass Park	1,362,054	1,253,421	1,238,707	1,460,931
Municipal Golf Course	623,233	595,852	586,956	604,365
Economic Development	388,165	316,062	433,694	391,658
Capital grants and contributions	11,274,222	3,376,637	7,749,367	2,581,874
Total business-type activities program revenues	30,599,674	24,394,768	28,760,779	24,571,086
Total primary government program revenues	\$ 71,215,621	\$ 63,671,922	\$ 72,309,233	\$ 73,544,247

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 2 (con't)

**CITY OF BANGOR, MAINE**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (42,261,859)	\$ (46,792,432)	\$ (45,381,779)	\$ (48,814,934)
Business-type activities	5,754,488	(1,283,061)	1,628,729	(3,106,316)
Total primary government expense	(36,507,371)	(48,075,493)	(43,753,050)	(51,921,250)
<b>General revenues and other changes in net assets</b>				
Governmental activities:				
Property taxes	37,624,392	39,936,976	40,302,810	40,666,758
Payment in lieu of taxes	113,575	135,000	186,500	160,457
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852
Franchise taxes	233,874	225,224	265,598	274,986
Unrestricted grants and contributions	4,059,770	4,512,720	4,487,931	4,773,082
Unrestricted investment earnings	377,113	296,857	519,225	699,417
Indirect cost charges	557,165	483,439	472,056	-
Miscellaneous	598,515	131,733	8,353	32,550
Transfers	(798,618)	(948,416)	(837,806)	(861,290)
Total governmental activities	46,857,291	49,079,588	49,763,076	50,498,812
Business-type activities:				
Unrestricted investment earnings	1,097,155	206,665	895,064	635,454
Transfers	798,618	948,416	837,806	861,290
Total business-type activities	1,895,773	1,155,081	1,732,870	1,496,744
Total primary government	48,753,064	50,234,669	51,495,946	51,995,556
<b>Change in net assets</b>				
Governmental activities	4,595,432	2,287,156	4,381,297	1,683,878
Business-type activities	7,650,261	(127,980)	3,361,599	(1,609,572)
Total primary government	\$ 12,245,693	\$ 2,159,176	\$ 7,742,896	\$ 74,306

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 3

**CITY OF BANGOR, MAINE**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Tax Revenues</b>				
Property taxes	\$ 37,624,392	\$ 39,936,976	\$ 40,302,810	\$ 40,666,758
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852
Franchise taxes	233,874	225,224	265,598	274,986
<b>Total tax revenues</b>	<b>\$ 41,949,771</b>	<b>\$ 44,468,255</b>	<b>\$ 44,926,817</b>	<b>\$ 45,694,596</b>

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.



Table 4

CITY OF BANGOR, MAINE  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Fund:</b>										
Reserved	\$ 207,440	\$ 2,428,610	\$ 3,388,936	\$ 2,907,605	\$ 2,314,524	\$ 2,204,855	\$ 2,692,524	\$ 2,571,692	\$ 2,571,692	\$ 2,188,819
Unreserved	7,686,795	6,603,821	7,777,318	10,868,363	13,022,113	15,412,411	14,575,433	11,184,543	11,184,543	10,828,439
Total general fund	\$ 7,894,235	\$ 9,032,431	\$ 11,166,254	\$ 13,775,968	\$ 15,336,637	\$ 17,617,266	\$ 17,267,957	\$ 13,756,235	\$ 13,756,235	\$ 13,017,258
<b>All other governmental funds:</b>										
Reserved	\$ 1,363,744	\$ 1,086,210	\$ 967,921	\$ 969,162	\$ 1,143,738	\$ 1,836,653	\$ 5,229,243	\$ 2,599,271	\$ 2,599,271	\$ 3,832,469
Unreserved, reported in										
Special revenue funds	(87,381)	9,276	(259,601)	(315,560)	(346,598)	1,029,775	2,080,184	1,997,434	1,997,434	2,215,929
Capital projects funds	1,260,018	1,524,200	968,763	1,173,695	538,858	4,622,212	(488,844)	4,211,800	4,211,800	925,634
Permanent funds	441,518	465,780	555,634	864,739	812,694	539,666	500,558	424,802	424,802	350,222
Total all other governmental funds	\$ 2,977,899	\$ 3,085,466	\$ 2,232,717	\$ 2,692,036	\$ 2,148,692	\$ 8,028,306	\$ 7,321,141	\$ 9,233,307	\$ 9,233,307	\$ 7,324,254

Table 5

**CITY OF BANGOR, MAINE**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 39,261,141	\$ 39,774,952	\$ 40,586,129	\$ 41,101,785
Excise taxes	4,091,505	4,306,055	4,358,409	4,752,852
Total tax revenues	43,352,646	44,081,007	44,944,538	45,854,637
Intergovernmental	30,627,927	31,617,135	34,484,238	37,714,682
Licenses and permits	409,842	374,499	655,745	538,534
Charges for services	10,151,637	11,035,587	12,160,573	12,927,989
Program income	583,569	463,066	409,153	663,269
Revenue from money and property	1,420,582	1,162,796	1,255,959	2,349,812
Other	1,612,518	142,311	168,452	526,360
Total revenues	88,158,721	88,876,401	94,078,658	100,575,283
<b>Expenditures:</b>				
General government	4,223,670	4,619,401	4,732,331	4,642,935
Public safety	11,018,419	12,001,813	12,352,418	12,852,119
Health, welfare and recreation	3,230,938	3,480,885	3,865,578	4,084,948
Public buildings and services	7,876,895	8,180,067	8,301,848	8,991,673
Other agencies	3,157,861	3,273,003	3,514,658	3,610,935
Education	39,428,576	40,341,426	42,228,691	44,817,879
Unclassified	327,812	389,598	65,639	263,702
Restricted grants	6,510,909	6,822,298	7,282,380	8,248,872
Capital outlay	8,794,651	10,675,201	8,681,772	11,762,832
Debt service				
Principal	5,730,088	2,232,944	4,110,250	2,748,866
Interest	3,299,332	3,080,468	3,120,028	3,098,248
Other charges	10,028	5,570	37,467	5,070
Total expenditures	93,609,179	95,102,674	98,293,060	105,128,079
Deficiency of revenues over expenditures	(5,450,458)	(6,226,273)	(4,214,402)	(4,552,796)
<b>Other financing sources/(uses)</b>				
General obligation debt	4,397,511	5,443,400	2,650,000	4,333,000
Sale of assets	232,259	131,773	106,895	120,479
Transfers to other funds	(3,663,860)	(5,369,448)	(3,131,050)	(3,099,137)
Transfers from other funds	2,865,242	4,421,032	2,293,244	2,237,847
Total other financing sources	3,831,152	4,626,757	1,919,089	3,592,189
Net change in fund balances	\$ (1,619,306)	\$ (1,599,516)	\$ (2,295,313)	\$ (960,607)
Debt service as a percentage of noncapital expenditures	11.17%	6.30%	8.27%	6.08%

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 6

**CITY OF BANGOR, MAINE**  
**Assessed Value and Estimated Actual Value of Taxable Property\***  
**Last Ten Fiscal Years**

Fiscal Year	Real Property		Personal Property <sup>1</sup>	Total Taxable Assessed Value	Total Direct Tax Rate
	Estimated Residential	Estimated Commercial			
1997	722,635,700	484,321,200	156,506,600	1,363,463,500	22.02
1998	735,200,500	475,214,200	176,756,000	1,387,170,700	22.49
1999	746,472,500	473,478,000	188,488,200	1,408,438,700	22.88
2000	782,055,600	485,097,500	208,423,500	1,475,576,600	22.79
2001	815,027,500	499,936,900	222,823,400	1,537,787,800	22.54
2002	841,857,900	504,871,000	241,682,200	1,588,411,100	22.78
2003	896,351,100	516,447,000	278,430,400	1,691,228,500	22.52
2004	922,374,500	549,399,100	268,555,600	1,740,329,200	22.27
2005	990,170,000	618,388,000	259,687,300	1,868,245,300	20.97
2006	1,091,628,800	713,822,300	254,225,800	2,059,676,900	19.31

\* It is City policy to assess at 100% of estimated actual value.

<sup>1</sup> Personal Property consists of machinery and equipment

Table 7

**CITY OF BANGOR, MAINE**  
**Property Tax Rate - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General City Government</b>	<b>General Fund Debt Service</b>	<b>Education</b>	<b>Penobscot County</b>	<b>Total Tax/ (Mill) Rate</b>
1997	9.61	1.08	11.33	0.88	22.90
1998	9.64	1.28	11.57	0.86	23.35
1999	9.67	1.10	12.11	0.92	23.80
2000	9.73	0.97	12.09	0.91	23.70
2001	9.64	1.01	11.89	0.91	23.45
2002	9.81	0.73	12.24	0.97	23.75
2003	9.51	0.74	12.27	1.08	23.60
2004	9.26	0.79	12.22	1.08	23.35
2005	8.20	1.18	11.59	1.08	22.05
2006	7.97	1.14	10.20	1.09	20.40

Table 8

**CITY OF BANGOR, MAINE**  
**Principal Property Taxpayers**  
**June 30, 2006**

Taxpayer	Business	2006			1997		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
General Electric	Manufacturer	\$ 90,470,700	1	4.39%	\$ 49,429,000	1	3.63%
BANMAK Associates	Shopping mall	52,486,200	2	2.55%	38,659,600	2	2.84%
Paradigm Development LLC	Utility	28,818,600	3	1.40%	21,608,000	3	1.58%
Bangor Savings Bank	Financial institution	17,119,800	4	0.83%	8,940,300	8	0.66%
QV Realty Trust	Real estate interests	13,286,100	5	0.65%	-	-	-
Eastern Maine Healthcare	Medical institution	12,566,900	6	0.61%	-	-	-
May Department Stores	Retailer	11,787,800	7	0.57%	-	-	-
Cabrel Company	Real estate interests	11,634,800	8	0.56%	8,575,100	10	0.63%
Airport Mall Associates	Shopping mall	10,987,200	9	0.53%	12,044,500	6	0.88%
Bangor Retirement	Retirement living	9,650,300	10	0.47%	-	-	-
Wal Mart Stores	Retailer	-	-	-	15,860,200	4	1.16%
Webber Oil Company	Fuel distributor	-	-	-	12,860,100	5	0.94%
Erin, Inc	Hotels/motels	-	-	-	10,699,500	7	0.78%
Fleet Bank of Maine	Commercial bank	-	-	-	8,911,800	9	0.65%
Totals		<u>\$ 258,808,400</u>		<u>12.57%</u>	<u>\$ 187,588,100</u>		<u>13.76%</u>

Table 9

**CITY OF BANGOR, MAINE**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Tax Levy	Abate- ments	Net Tax Levy	Current Collections	% of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	% of Total Tax Collection to Net Levy	Outstanding Current Year Delinquent Taxes	Ratio of Current Year Delinquencies to Net Levy
1997	31,437,259	395,775	31,041,484	29,481,717	94.98%	1,570,081	31,051,798	100.03%	1,560,037	5.03%
1998	32,600,063	364,524	32,235,539	30,805,625	95.56%	1,543,779	32,349,404	100.35%	1,429,914	4.44%
1999	32,611,689	145,123	32,466,566	31,084,751	95.74%	1,503,187	32,587,938	100.37%	1,381,815	4.26%
2000	34,069,975	246,152	33,823,823	32,809,377	97.00%	719,683	33,529,060	99.13%	1,014,446	3.00%
2001	35,283,733	258,412	35,025,321	33,930,930	96.88%	1,565,244	35,496,174	101.34%	1,094,391	3.12%
2002	36,893,245	208,211	36,685,034	35,633,029	97.13%	1,655,407	37,288,436	101.64%	1,052,005	2.87%
2003	39,081,183	311,677	38,769,506	37,785,056	97.46%	1,506,817	39,291,873	101.35%	984,450	2.54%
2004	39,866,850	172,868	39,693,982	38,589,047	97.22%	1,154,693	39,743,740	100.13%	1,104,935	2.78%
2005	40,474,184	160,117	40,314,067	39,206,172	97.25%	1,310,311	40,516,483	100.50%	1,107,895	2.75%
2006	41,099,990	632,397	40,467,593	39,716,755	98.14%	1,327,356	41,044,111	101.42%	750,838	1.86%

Table 10

**CITY OF BANGOR, MAINE**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Per Capita*
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds		
1997	\$ 19,688,747	387,498	39,342,533	5,365,000	64,783,778	2,058.00
1998	\$ 22,188,559	287,274	39,206,893	5,160,000	66,842,726	2,146.94
1999	\$ 21,254,395	352,735	41,636,421	4,940,000	68,183,551	2,214.97
2000	\$ 21,909,832	293,503	38,018,202	4,710,000	64,931,537	2,073.76
2001	\$ 22,806,350	223,910	37,931,078	4,465,000	65,426,338	2,078.81
2002	\$ 59,135,992	150,353	42,386,491	4,205,000	105,877,836	3,351.09
2003	\$ 57,669,023	326,159	47,854,061	-	105,849,243	3,355.93
2004	\$ 60,879,479	3,491	47,994,390	-	108,877,360	3,450.95
2005	\$ 59,419,229	-	46,774,080	-	106,193,309	3,361.08
2006	\$ 61,003,363	-	45,781,229	-	106,784,592	3,436.46

\* Source: Maine Department of Human Services (1991 through 1994), Maine Department of Human Services, Maine State Planning Office and City of Bangor (1995 through 2000) and U.S. Census Bureau (2001 through 2006).

Table 11

**CITY OF BANGOR, MAINE**  
**Ratio of Net General Obligation Debt to Assessed Value and**  
**Net General Obligation Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	Population*	Assessed Value	Net Bonded GO Debt**	Ratio of Net Bonded Debt	
				To Assessed Value	Per Capita
1997	31,479	1,363,463,500	25,763,268	1.89%	818.43
1998	31,134	1,387,170,700	28,261,855	2.04%	907.75
1999	30,783	1,408,438,700	27,205,258	1.93%	883.78
2000	31,311	1,475,576,600	27,713,328	1.88%	885.10
2001	31,473	1,537,787,800	30,434,229	1.98%	966.99
2002	31,595	1,588,411,100	66,818,681	4.21%	2,114.85
2003	31,541	1,691,228,500	65,323,120	3.86%	2,071.05
2004	31,550	1,740,329,200	69,638,974	4.00%	2,207.26
2005	31,595	1,868,245,300	65,988,998	3.53%	2,088.59
2006	31,074	2,059,676,900	66,990,510	3.25%	2,155.84

\* Source: Maine Department of Human Services (1991 through 1994), Maine Department of Human Services, Maine State Planning Office and City of Bangor (1995 through 2000) and U.S. Census Bureau (2001 through 2006).

\*\* Net Bonded General Obligation Debt Consists of all non-self supporting general obligation debt, and excludes all Sewer Utility debt of \$26,019,973, Airport debt of \$8,523,365, Golf Course debt of \$692,647 and Economic Development debt of \$4,558,097.



**CITY OF BANGOR, MAINE**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2006**

	<b>Total Debt Outstanding</b>	<b>Percentage Applicable to Bangor</b>	<b>Amount Applicable to Bangor</b>
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 106,784,592	100.00%	\$ 106,784,592
Overlapping Debt			
Penobscot County	263,415	23.64%	62,271
Total Debt	<u>\$ 107,048,007</u>		<u>\$ 106,846,863</u>

**CITY OF BANGOR, MAINE**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>		<b>Debt Limit</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Percentage of Net Debt to Debt Limit</b>
1997	\$	199,635,000	59,031,280	140,603,720	29.57%
1998	\$	208,852,500	61,395,452	147,457,048	29.40%
1999	\$	212,692,500	62,890,816	149,801,684	29.57%
2000	\$	215,017,500	59,928,034	155,089,466	27.87%
2001	\$	225,630,000	64,737,428	160,892,572	28.69%
2002	\$	240,937,500	101,522,483	139,415,017	42.14%
2003	\$	241,387,500	105,523,084	135,864,416	43.72%
2004	\$	261,240,000	108,873,869	152,366,131	41.68%
2005	\$	279,202,500	106,193,307	173,009,193	38.03%
2006	\$	309,495,000	106,784,592	202,710,408	34.50%

**Legal Debt Margin Calculation for Fiscal Year 2006**

Total State Valuation	\$ 2,063,300,000
Debt Limitation: 15 % of State Valuation	309,495,000
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	68,992,409
School	11,772,211
Sewer	26,019,972
Total debt applicable to limit	106,784,592
Legal Debt margin	<u>\$ 202,710,408</u>

Table 14

**CITY OF BANGOR, MAINE**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population *</b>	<b>Median Household Income*</b>	<b>Median Age*</b>	<b>Public School Enrollment**</b>	<b>Unemployment Rate ***</b>
1997	31,479	Data not available	Data not available	4,408	4.80%
1998	31,134	Data not available	Data not available	4,377	3.60%
1999	30,783	Data not available	Data not available	4,410	2.99%
2000	31,311	Data not available	Data not available	4,281	2.85%
2001	31,473	Data not available	Data not available	4,316	3.01%
2002	31,595	29,740	36.1	4,205	3.12%
2003	31,541	29,740	36.1	4,019	3.40%
2004	31,550	29,740	36.1	4,006	4.30%
2005	31,595	29,740	36.1	3,989	4.50%
2006	31,074	29,740	36.1	3,962	4.40%

\* Source: U.S. Census

\*\* Source: Bangor School Department

\*\*\* Source: Bureau of Labor Statistics

**CITY OF BANGOR, MAINE**  
Principal Employers  
June 30, 2006

2006			1997		
Employees	Employer	Location	Employees	Employer	Location
1000-4000	Eastern Maine Medical Center	Bangor	1000-4000	Eastern Maine Medical Center	Bangor
	Bangor Mall	Bangor		Bangor Mall	Bangor
	University of Maine	Orono		University of Maine	Orono
	City of Bangor	Bangor	500-999	City of Bangor	Bangor
	Shop & Save Supermarkets	Throughout		Fort James Paper Corp	Old Town
500-999	Bangor Savings Bank	Bangor		St. Joseph Hospital	Bangor
	General Electric Corp	Bangor		Community Health/Counseling	Bangor
	Microdyne	Orono		Shop & Save Supermarkets	Throughout
	Acadia Hospital	Bangor		Bangor Mental Health Institute	Bangor
	St. Joseph Hospital	Bangor	250-499	General Electric Corp	Bangor

**CITY OF BANGOR, MAINE**  
**Full -time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

Function	Full-time Equivalent Employees as of June 30th									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	89	87	86	90	92	93	91	90	87	88
Public safety										
Police	79	79	81	79	85	86	89	86	87	89
Fire	98	94	98	98	97	95	95	97	96	97
Health, welfare and recreation	78	76	71	78	33	34	33	31	31	32
Public building and services	66	69	66	62	63	66	68	67	64	68
Education	575	571	568	580	583	574	574	561	571	573
Sewer Utility	24	24	24	24	23	23	23	23	23	23
Airport	69	75	73	75	76	82	72	73	75	76
Park Woods	3	3	3	3	3	3	3	3	3	3
Parking	3	3	3	1	1	2	2	2	2	2
Bass Park	8	9	9	10	10	9	9	8	9	9
Municipal Golf Course	3	3	3	3	3	3	3	3	3	3
Economic Development	1	2	2	2	2	3	2	3	3	3
Totals	1,096	1,095	1,087	1,105	1,071	1,073	1,064	1,047	1,054	1,066

Table 17

CITY OF BANGOR, MAINE  
Operating Indicators by Function  
Last Ten Calendar Years

Function	Calendar Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Code enforcement										
Building permits	Unavailable	Unavailable	565	509	494	471	474	522	514	537
Certificates of occupancy	Unavailable	Unavailable	476	388	354	295	358	342	341	432
Sign permits	Unavailable	Unavailable	126	120	129	85	96	98	107	115
Police										
Calls for service	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	22,213	24,407	23,945	27,052
Fire										
Calls for service	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	7,528	7,470	7,805	7,492
Sewer										
Treated flow (billions of gallons)	3.59	2.65	2.95	3.02	3.04	2.63	3.14	3.42	2.75	4.23
Biosolids (cubic yards)	Unavailable	8,594	9,184	8,519	8,272	8,683	8,308	9,379	9,280	9,348

Table 18

**CITY OF BANGOR, MAINE**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year			
	2003	2004	2005	2006
Public safety				
Police:				
Stations	1	1	1	1
Vehicles	42	56	57	51
Fire:				
Stations	3	3	3	3
Vehicles	25	20	20	24
Public works				
Streets (miles)	422	422	422	422
Sidewalks (miles)	99.6	99.6	99.6	99.6
Parks and recreation				
Parks	29	29	29	29
Parks acreage	950	950	950	950
Public swimming pools	1	2	2	2
Public golf courses	1.5	1.5	1.5	1.5
Indoor ice arena	1	1	1	1
Semi-pro baseball stadium	1	1	1	1
Sewer				
Treatment plants	1	1	1	1
Pump stations	5	5	5	5
Miles of sanitary sewers	103	103	103	103
Miles of combined sewers	44	44	44	44

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

